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## Gromyko Says U.S. Must Act Seriously On Weapons Talks

By Charles Brenner

MOSCOW — Andrei A. Gromyko, the Soviet foreign minister, said Sunday that the United States must negotiate seriously on banning weapons in space if it wants to make progress on curbing nuclear arms.

In a rare television appearance, Mr. Gromyko also said he had warned the U.S. secretary of state, George P. Shultz, that continued deployment of U.S. nuclear missiles in Western Europe would jeopardize the basis of new arms talks.

Mr. Gromyko's discussion with four journalists, lasting one hour and 50 minutes, was devoted mainly to spelling out the Soviet Union's determination to hold the United States to an agreement reached in Geneva last week to discuss a ban on space weapons.

Mr. Shultz and Mr. Gromyko agreed Tuesday to start negotiations on preventing an arms race in space and curbing both intermediate- and long-range missiles.

"If no progress is made on questions of space," Mr. Gromyko said, "it would be superfluous to talk about the possibility of reducing strategic armaments."

## 'Linkage' May Hamper Progress in Arms Talks

By Bernard Gwertzman

New York Times Service

WASHINGTON — The Geneva agreement to begin three sets of arms negotiations left unresolved the key question of whether a failure in one set of talks could derail progress in the others, according to senior Reagan administration officials.

As a result, officials said Saturday, the negotiations could be imperiled even before they start by a disagreement over "linkage."

With progress on the American goal of reducing nuclear weapons possibly held hostage by a Soviet insistence that the United States agree to halt its program of research into space weapons.

"There is an ambiguity there, I grant you," an official said, "and only time will tell if it stands in the way of an agreement."

The ambiguity was unavoidable, officials said, because the two sides approached the talks in Geneva last week from different perspectives. They said that Secretary of State George P. Shultz proposed three separate sets of negotiations: medium-range nuclear missiles, strategic arms and defensive weapons. Mr. Shultz, they said, argued that these should be independent of each other, so that if an agreement was possible in one area it should not have to await progress in another.

This was because the United States wants to resume the two sets of negotiations on nuclear arms that were halted by the Soviet Union in late 1983, without having to trade away the long-term research program into blocking incoming missiles, known officially as the Strategic Defense Initiative, and unofficially as "Star Wars."

But Foreign Minister Andrei A. Gromyko, seeking to halt the U.S. research program, argued strongly in Geneva for one overall negotiation to take up all issues, they said.

At first, he wanted a commitment to scrap the initiative as the price for resuming nuclear arms talks, a senior official said, but finally agreed to a compromise worked out in part through American verbal concessions.

Mr. Gromyko, in effect, was espousing the "umbrella talks" concept raised by President Ronald Reagan in September but subsequently dropped by Washington.

Washington agreed to the Soviet preference for general language saying that the goal is to achieve arms race in space and terminating it on earth.

Mr. Shultz wanted to avoid terminology suggesting that the space program might lead to "an arms race in space," a participant said. "But we agreed to that sentence as the price for getting the talks going again."

The two countries agreed to a compromise calling for each side to have a single delegation at future negotiations — the Soviet plan — that would be "divided into three groups" — the U.S. idea.

The language of the document included the clear suggestion that there was some relationship among the various negotiations.

"The sides agreed that the subject of the negotiations will be a complex of questions concerning space and nuclear arms, both strategic and intermediate range, with all the questions considered and resolved in their interrelationship," it said.

Mr. Shultz said Wednesday on (Continued on Page 2, Col. 1)



FRIENDLY WARRIORS — General John Vessey, left, the chairman of the U.S. Joint Chiefs of Staff, met on Sunday with Zhang Aiping, the Chinese defense minister, in Beijing before a banquet. The general is on a weeklong visit to China. Page 2.

## U.S. Aid to Afghans Mushrooms

Questions Increase With Size of Covert Assistance Plan

By Bob Woodward

and Charles R. Babcock

Washington Post Service

WASHINGTON — The Central Intelligence Agency's secret aid to rebels fighting Soviet forces in Afghanistan has mushroomed into the largest U.S. covert operation since the Vietnam War era, according to sources.

With Representative Charles Wilson, Democrat of Texas, as a chief catalyst for the rapid escalation, they said, Congress has nearly tripled the Reagan administration's initial request for the Afghan program to what will amount to about \$250 million for the current fiscal year.

The figure represents more than 80 percent of the CIA's annual expenditures for covert operations, the sources said.

In addition, three other countries, in the Middle East and Asia, are expected to provide \$200 million. With that money, the annual aid package to the rebels is approaching \$500 million.

The sources also said that there has been discussion that the rebels could use \$500 million in the 1986 fiscal year.

The Afghan operation and the manner in which it has expanded is becoming a subject of intense controversy in the administration, the CIA and Congress.

Several of these officials, who asked not to be identified, said that the program has grown too much and too fast. They said it is in danger of getting out of hand and may trigger an escalation of Soviet military operations in Afghanistan.

Others, including Mr. Wilson and congressional supporters, said that the U.S. government was not doing enough, that equipment being used was second-rate and that the rebels were not getting enough supplies and ammunition. Some have advocated supplying new, sophisticated ground-to-air missiles

but the CIA vetoed that, the sources said.

Of particular controversy has been Mr. Wilson's successful efforts to obtain money for the CIA to supply advanced, heavy anti-aircraft cannons to the rebels, a decision that has been vetoed.

(Continued on Page 2, Col. 4)

## Police Kill 2 Separatists In New Caledonia Riots

Compiled by Our Staff From Dispatches

PARIS — Police in New Caledonia shot and killed two leading separatist figures amid weekend rioting that was brought on by the earlier shooting of a European farmer's teen-age son.

A state of emergency has been declared, and France has sent 1,000 more security forces to New Caledonia to reinforce law and order.

The decision to send the contingent of gendarmes and paramilitary police to New Caledonia was made Saturday at an emergency meeting of senior ministers chaired by Prime Minister Laurent Fabius in Paris. The reinforcements will bring the size of the internal security force to 3,280 men.

The declaration of a state of emergency on Saturday followed the shooting by police of two leading figures in the Kanak Socialist National Liberation Front during riots in the capital, Noumea.

The rioting began Friday when European settlers became incensed at the killing of the white farmer's teen-age son. It diminished Saturday night after French authorities declared a state of emergency, imposed a dusk to dawn curfew and banned meetings of more than five people. There was no indication on Sunday of how long the state of emergency would be maintained.

Reports from Noumea on Sunday said that hundreds of heavily armed riot police were patrolling the streets in armored personnel carriers and trucks. The capital was reported tense but calm.

Troops were guarding the residence of the government delegate, Edgard Pisani, who recently unveiled a plan for independence "in association with France" from the beginning of 1986 following a referendum in July.

The Kanak Socialist National



Eloi Machoro

Liberation Front, which claims to represent most of the native Kanak people, is demanding independence from France. Independence is opposed by most of the European, Polynesian and Asian residents who make up 57 percent of the island's 150,000 people.

French authorities said the two separatist leaders were killed after Kanak militants opened fire, but the Kanak separatists said the men were murdered.

The most prominent of the victims was Eloi Machoro, 38, leader of a hard-line Kanak separatist group. He had been named security minister in a "provisional Kanak government" and had made two trips to Libya over the past two years to seek support for the independence movement.

Jean-Marie Tjibaou, president of the self-proclaimed provisional government, said that the killing of the two separatists was a "barbarous act" that "created a new situa-

tion in the struggle of the Kanak people for its independence." He made it clear that he was withdrawing his party's earlier partial endorsement of the Pisani plan.

The territorial High Commission issued a detailed denial of Mr. Tjibaou's charges. It said that Mr. Machoro and his top aide, Marcel Monaro, were accidentally killed by police sharpshooters with orders only to wound them.

Members of Mr. Machoro's family tried to prove Sunday that he was shot in the back. They insisted that the authorities hold a second autopsy on the body after officials reported that he was shot in the shoulder from the front. The result of the second autopsy, carried out late Sunday, was not immediately available.

In a statement Saturday in Paris, Mr. Fabius endorsed Mr. Pisani's proposals as "in the interests of all the communities on New Caledonia." Support, however, appeared to be dwindling for the plan in New Caledonia following the upsurge of violence and the hardening of attitudes on both sides.

In the first sample of French public opinion since Mr. Pisani's plan was announced last Monday, a poll sponsored by the weekly news magazine Le Point and published this weekend found that 49 percent of those questioned wanted New Caledonia to remain in the French Republic while 33 percent wanted it to become independent.

Mr. Pisani's proposals envisage France giving up sovereignty over the island but retaining responsibility for internal and external security. The secretary-general of the neo-Gaullist party, Jacques Toubon, said Saturday in Paris that his party would soon put forward its own proposals for dealing with the crisis. (WP, AP, AFP, Reuters)



Demonstrators in Noumea, New Caledonia, gather around an overturned car that serves as a barricade.

## No Second Honeymoon for Reagan's White House

By Hedrick Smith

New York Times Service

WASHINGTON — One key to understanding power in Washington is knowing which election — the one to come, or the one just past — counts most.

In 1981, President Ronald Reagan had a high-riding honeymoon because the capital was in the thrall of the Republicans' 1980 sweep. By early 1982, with the midterm elections approaching, his party was in a defensive mood.

This year, normal rhythms seem upset. With astonishing speed, Washington, if not the public, is discounting President Reagan's 1984 landslide. Power, initiative and political talent are ebbing away from the White House.

The burst of cabinet and staff changes last week was but another symptom of the dynamics of that change. After triumphantly claiming that he would keep his winning team, Mr. Reagan has found himself with new cabinet of power.

The masterful political team that has managed the Reagan White House has been disbanded wholesale, and in an extraordinary move, Senate Republicans have taken the budget initiative away from the president. They plan to produce their own blueprint before President Reagan reaches Capitol Hill.

Younger Democrats in the House of Representatives have sprung a successful rebellion, toppling a senior committee chairman. And Vice President George Bush and other Republican hopefuls are openly scrambling to line up political talent for their 1988 presidential campaigns.

"Everyone had anticipated some honeymoon period with the kind of victory we had," a Reagan campaign leader said. "There's not going to be a second honeymoon. The momentum we should have had has never been translated. I don't think the president is in as good shape as he was a year ago in terms of getting the job done."

Robert J. Dole of Kansas, the new Senate majority leader, has explained in telling terms why Republicans are treating the Reagan budget as dead-before-arrival.

"The president does not have to run for re-election any more," he said, "but a lot of the rest of us do."

The mood in Washington may be out of sync with the mood of the country. In a New York Times-CBS News poll Jan. 2-4, President Reagan won his highest public rating since early 1981, with 65 percent approving of his handling of the presidency. His new approach to the Soviet Union won strong public support.

If the shakeup of Mr. Reagan's high command troubles him, he gave no sign at his news conference last week, his first since July.

He was as relaxed and genial as ever, a model of flexibility. He smiled on the Senate budget initia-

tive, saying: "Maybe they've got some ideas we haven't thought of."

He was willing to bend on freezing cost-of-living increases in Social Security retirement payments if "faced with an overwhelming bipartisan majority in both Houses."

Critics see the president as a creature of indispensable staff managers, but Reagan loyalists trumpeted that the departure of the "troika" — Mr. Baker, Michael K. Deaver, the deputy chief of staff, who said two weeks ago that he was leaving; and the presidential counselor, Edwin Meese III, who has been nominated for attorney general — showed the president was no one's puppet.

But the Reagan-Baker job swap, initiated from below as a package, left the president open to appearing passive. Moreover, it could add to a vacuum at the center.

Since 1981, the tightly knit White House team has seemed to call many of the shots. Under Mr. Reagan, a less-seasoned political strategist, the White House could see decision-making gravitate to the cabinet.

President Reagan has decided not to abolish the Council of Economic Advisers. Page 11.

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## Victims of N.Y. 'Subway Vigilante' Tell Their Side of Story

By Margot Hornblower

Washington Post Service

NEW YORK — The four youths who were shot by Bernhard H. Goetz, the "subway vigilante," had no intention of stealing from him but were on their way downtown to break into video arcade game machines, according to one of the four.

Barry Allen said none of the group threatened Mr. Goetz, an electronics specialist accused of shooting them on the subway on Dec. 22.

Mr. Allen said one of the group, who he identified as Troy Canty, asked Mr. Goetz for \$5.

"But we weren't planning on robbing him. We had no intention of robbing him," he added.

In an hour-long interview Thursday while walking through his South Bronx neighborhood and tithing a ride to Manhattan's Bellevue Hospital, Mr. Allen described his life as a high school dropout, a cocaine addict, an unwed father and a convicted offender who has served time in jail. He said he had learned a lesson from the shooting.

The four youths live in Claremont Village, a public housing project in the heart of the burned-out, rubble-strewn South Bronx. Thirty grim-looking brick high-rises house an overcrowded population, about 70 percent black and the rest Hispanic.

"Those projects are some of the worst in the city," said a policeman at the 42d Precinct.

Mr. Allen, who turned 19 on Thursday, said he is the oldest of five children of Mary Allen, a former switchboard operator who has been on welfare since the birth of

her 11-month-old daughter. All but two of the children were fathered by different men.

"I never knew my father," Mr. Allen said. "He left when I was a little boy."

His 17-year-old brother, Benjamin, is an A student, he said, while his two sisters, Tanya and Patricia, 14 and 15, are also good students who stay out of trouble. When his

Overwhelmed judges in New York City's Criminal Court handle an average of 10 cases per hour. Page 3.

mother found out about the shooting, he said, "She was saying she hopes it teaches us a lesson."

Mr. Allen said he dropped out of the ninth grade in a high school equivalency program two months ago to try to get into a drug rehabilitation program, but he had not had a chance to apply.

He said he has been stealing from video arcade machines for a year and a half, making as much as \$500 on a good day. He served two short jail terms in 1982 and 1983.

"I'm addicted to cocaine," he said. "That's why I wanted to get in a drug program. I wanted to go right to get a job, to step down from all this crime."

Describing the Dec. 22 incident, Mr. Allen said he and his three companions were on their way to "break into video machines. Everyone in the block do that."

Mr. Canty asked Mr. Goetz for the \$5 to play video games, Mr. Allen said.

"Only one person approached him," Mr. Allen said. "He had no reason to be scared."

But Mr. Goetz replied, according to Mr. Allen, "I'll

give it to you," and he pulled out a gun and started shooting. I tried to run. People started screaming."

While Mr. Goetz, 37, has become a popular symbol of resisting crime, Mr. Allen said, "He ain't no hero. That man took the law into his own hands, man. He got to be punished."

Mr. Canty, a 19-year-old who lives in the same building as Mr. Allen, accompanied him in a reporter's car for part of the interview but repeatedly urged him not to reply to questions.

Mr. Canty said both youths had sold their story to the National Enquirer for \$300 and had allowed the Enquirer to take pictures of their bullet wounds. His attorney later confirmed the arrangement with the Enquirer, a weekly tabloid.

According to Mr. Canty's attorney, Howard R. Meyer, Mr. Canty has served two 20- and 30-day jail sentences for petty larceny and has been arrested six or seven times for shoplifting or breaking into video arcade machines. The two screwdrivers police say he was carrying were not weapons, Mr. Meyer said.

"My guy never had crimes against individuals," Mr. Meyer said. "He puts holes in video machines, not in people."

While Mr. Canty and Mr. Allen are recovering from their wounds, Darrell Cabey, 19, who was paralyzed from the waist down, remained in a coma Friday in critical condition and was suffering from pneumonia and a chest infection. James Ramseur, 18, underwent a second operation on Thursday and was reported in satisfactory condition Friday.



## Top U.S. General Starts Round of Talks With Chinese Military Aides

By Jim Mann  
Los Angeles Times Service

BEIJING — General John W. Vessey Jr., chairman of the U.S. Joint Chiefs of Staff, has begun a series of talks here with Chinese military officials that are expected to help iron out plans for the first visit by U.S. Navy ships to Chinese ports in 35 years.

General Vessey, accompanied by several other high-ranking U.S. military officials, arrived Saturday morning. After a brief welcoming ceremony, he met with his Chinese counterpart, Yang Dezhi, chief of the general staff of the People's Liberation Army, who once directed Chinese troops fighting the United States during the Korean War.

General Vessey is the highest-ranking U.S. career military officer to visit China since the Communists came to power in 1949. His trip is the latest in a series of exchanges over the past 18 months between Chinese and U.S. defense officials.

During previous visits, Chinese and U.S. officials have agreed in principle that U.S. Navy ships will be permitted to make some port calls along the Chinese coast. Admiral William Crowe, commander in chief of the U.S. Pacific Forces, is with General Vessey here, and U.S. officials acknowledged Saturday that the two men would probably discuss the proposed port calls during their weeklong visit to China.

U.S. officials have said that if such calls were arranged, navy ships would probably put in at Qingdao, on the North China coast, or at Shanghai. General Vessey and his delegation are scheduled to tour Chinese naval facilities and shipyards in Shanghai this week.

During the past year, U.S. and Chinese officials have expressed concern about Soviet use of the naval base at Cam Ranh Bay in Vietnam. And after the visit here last month by a Soviet first deputy prime minister, Ivan V. Arkhipov, U.S. officials are working to ensure that General Vessey's visit does not go unnoticed.

Although General Vessey has not scheduled any press conferences and his meetings with Chinese military officials are private, news photographers are being allowed to take pictures of the military delegation twice each day.

At a banquet Saturday night, General Yang, who is in charge of the world's biggest army, referred obliquely to the sensitive question of continued U.S. arms sales to Taiwan.

"There are still difficulties and obstacles in the way of developing the relations between our two

countries," he said. "This should be treated seriously."

General Vessey, in his toast to Chinese officials, said, "The continuing development of friendly relations between our two armed forces is in the interests of our two countries and is beneficial to peace and stability in this region and throughout the world."

**Arms Agreement Reported**

China and the United States have agreed on a package of military sales intended to help modernize the destroyers in the Chinese fleet and on a port call by three U.S. destroyers to Shanghai in April. The Washington Post quoted U.S. officials as saying Friday.

Chinese naval officials, who completed a six-week visit to Washington and to military sites in the United States last month, agreed to buy sonars, torpedoes, gas turbine engines and a sophisticated shipboard Gatling gun intended to shoot down anti-air missiles, the officials said.

The Chinese would like to be licensed to produce the torpedoes, but would buy much of the other equipment outright, one administration specialist said. It was not immediately known how many destroyers would be involved in the naval modernization program. But if all aspects of the agreement reach fruition, sales could total several hundred millions of dollars.

The sales would represent the most significant military transaction so far with China since Defense Secretary Caspar W. Weinberger cleared the way for weapons sales during his visit to Beijing in September 1983. Officials cautioned that the Chinese, who have expressed interest in certain sales and then backed off in the past, have not yet signed any contracts.

## Pentagon Gains Voice In Technology Exports

By Fred Hiatt  
Washington Post Service

WASHINGTON — President Ronald Reagan has authorized systematic Defense Department review of high technology exports to noncommunist countries, settling an administration dispute and giving security concerns more prominence in trade policy, according to administration officials.

The decision was contained in a classified memorandum signed this month by the White House national security affairs adviser, Robert C. McFarlane, and sent to the secretaries of state, defense and commerce, officials said Friday.

Mr. Reagan intervened after the Commerce and Defense Departments failed to reach agreement on their own after more than two years of dispute.

The directive allows the Pentagon to review all commercial applications for licenses to export certain types of equipment to 15 noncommunist countries from which the Defense Department has said it fears that the equipment could be reshipped to the Soviet Union.

The list of countries is classified. But sources said it did not include members of the Coordinating Committee, or Cocom, a grouping of North Atlantic Treaty Organization countries and Japan that monitors Western technology sales to communist countries.

Exports that will come under Pentagon jurisdiction include computer parts, scientific instruments and other equipment that Defense Department officials believe could have military application.

The long-running dispute reflects a disagreement between the departments that the two departments tend to represent, officials said. Defense Department officials have been most concerned with what they see as a hemorrhage of valuable Western technology to the Soviet Union, while Commerce Department officials have worried that the Pentagon would delay and impede harmless trade, injuring the position of U.S. companies in the world market.

Pentagon officials said Friday that they viewed the presidential directive as a major victory.

"It means that a long impasse has come to an end," an official said. "It means that the security concerns expressed by the Department of Defense from the earliest days of the administration will now be given greater weight."

Commerce Department officials said, however, that they were satisfied with the mechanisms for review and appeal created in the presidential decision.

The directive allows the Pentagon to tap into the Commerce Department computer to review information collected about specific license applications. Some business representatives have opposed this.

The Pentagon must object within 15 days after an application is filed if it wishes to halt an export.

If Commerce Department officials do not share Pentagon concerns about a specific license, the matter is to be resolved by a committee on which Donald R. Fortier, deputy national security affairs adviser, would cast the deciding vote.

Either cabinet secretary could appeal the committee decision to the president, according to officials familiar with the directive.

**Two Convicted in U.S.**

A London court convicted two businessmen Friday of selling U.S. computers to Bulgaria, Reuters reported from London.

The court sentenced a company director, John Ludham, 42, to the maximum sentence of two years' imprisonment on charges of exporting prohibited goods. His associate, Christopher Millington, 40, received a suspended sentence of four months on related charges. Both men admitted the charges.

The court heard that they obtained licenses to export six computers worth \$500,000 (\$560,000) to Switzerland, but then secretly arranged for them to be sold to Bulgaria.

Moscow's propaganda campaign against West German "revanchism" is expected to continue at least until that time. The Russians launched this campaign last summer, citing West German officials, some of them prominent in Mr. Kohl's party, who raised the question of the provinces that Germany lost in 1945.



Holding his pistol, Farag Omar Makhayoun, a Libyan diplomat, lies on the ground outside his house in Rome after he was killed in an ambush. He apparently wounded his attacker.

## Libyan Diplomat Is Slain in Rome

The Associated Press

ROME — An assailant shot and killed a Libyan diplomat in an ambush outside his home on Sunday, police said.

The Libyan managed to draw his own gun, they said, and apparently wounded the assailant before collapsing.

Police said that Farag Omar Makhayoun, 31, was shot three times near his home in central Rome.

A woman who witnessed the attack from her apartment window said that Mr. Makhayoun was surprised, but was able to draw his gun

and shoot twice at the assailant, police said.

A spokesman for the Libyan People's Bureau, or embassy, said that Mr. Makhayoun was a member of the Popular Committee, a committee set up in 1979 by Colonel Moamer Qadhafi's radical regime to replace the position of ambassador. The spokesman, who declined to be identified, said that Mr. Makhayoun had worked in the embassy's press office for three years.

Police said they found a silenced-equipped gun near the victim and suspected that he may have wounded his assailant because blood-

stains were found on the icy road.

The victim's wife told police that her husband carried a pistol because he had received several anonymous telephone threats, the Italian news agency ANSA said.

An anonymous telephone caller to The Associated Press office in London said the attack was carried out by a group called *Al Barkan*, the Arabic word for volcano.

The group has claimed responsibility for the Jan. 21, 1984, killing in Rome of another Libyan diplomat, Ammar al-Tajani, and for an attack against a top Libyan official in Tripoli the same year.

## New Pressure In Belgium to Delay Missiles

By Richard Bernstein  
New York Times Service

BRUSSELS — As Belgium's prime minister prepared to meet with President Ronald Reagan on Monday, pressure has increased on the government to reject the immediate deployment of NATO cruise missiles, officials and diplomats here say.

The government of Prime Minister Wilfried Martens has agreed in principle to deploy 48 of the nuclear missiles on Belgian soil unless the Soviet Union reduced the number of SS-20 intermediate-range nuclear missiles aimed at Western Europe.

To that end, the Belgian government has been carrying out major construction at the air base in Fleurbaey, 40 miles (64 kilometers) south of Brussels, preparing for the eventual arrival of the missiles.

But the major opposition parties have turned the deployment of the missiles into the top political issue of the day in Belgium. Even Mr. Martens's own Christian Social Party formally took the position last fall that the final decision on deployment should be delayed to give time for Soviet-American arms control talks to produce results.

"The Belgian issue is being looked at with a lot of concern," said one diplomat from a country in the North Atlantic Treaty Organization. "It won't be the end of the world if they don't deploy, but it will be important because of its effect on NATO solidarity."

"It would make things difficult for the Dutch if they find themselves deploying without their Benelux partner," the diplomat said. "Alliance solidarity is also very important to the Germans, as well as to the Americans."

Mr. Martens's situation has grown particularly difficult because the government must by law call for elections by Dec. 8 of this year. Diplomats here and Belgian officials said in interviews that the major opposition group, the Flem-



Wilfried Martens

ish Socialist Party, which reversed its earlier support for deployment into militant hostility toward it, has effectively used the issue of the missiles to build support.

Recent polls suggest that if the election were held now, the governing coalition, which includes the Christian Social Party and the Liberal Party, would lose its majority in Parliament.

The government, according to officials here, believes that postponing a decision on the deployment could help its election chances. But it also feels that a failure to deploy on schedule would harm Belgium's relations with its NATO partners and reduce its influence within the alliance.

NATO decided to try to negotiate a reduction in the Soviet arsenal of SS-20s and, if the negotiations failed, to go ahead with the installation of NATO Pershing-2 and cruise nuclear missiles in Europe. Belgium and the Netherlands both went along with the basic NATO position but said they would make final decisions after reviewing the situation.

The Dutch government said in June that it would review the situation in November of this year and, if the number of Soviet missiles deployed exceeded 378, would go ahead with the installation of 48 NATO cruise missiles on its territory.

NATO says the Russians have already exceeded the 378-missile ceiling, with 387 SS-20s deployed.

## Questions Increase With Size of U.S. Aid Plan for Afghans

(Continued from Page 1)

tion some officials view as a potential escalation.

By year's end, the U.S. program, which supplies weapons, ammunition, clothing, medical supplies and money for food, is expected to support an estimated 200,000 to 300,000 full- or part-time rebels who are battling a Soviet Army believed to number 110,000 troops. Intelligence reports and various other accounts describe the conflict as one of the most savage of modern times.

A congressional critic of the escalation said, "We should have learned from Vietnam about over-technologizing primitive people."

Although there are hundreds of cases documenting human rights violations by the Soviet Army, the U.S. government has confirmed reports that the rebels drugged, tortured and forced 50 to 200 Soviet prisoners to live in cages.

In addition, congressional sources said the rebels may be assassinating Soviet military officers and administrators. U.S. intelligence officials said they cannot and do not control the operations of the rebels and have no knowledge of any assassinations.

The large increases began in the fall of 1983 with a secret Wilson amendment to the defense appropriations bill rechanneling \$40 million of Defense Department money to the CIA for the Afghan operation, the sources said.

Part of the money was for the new, foreign-made, heavy anti-aircraft cannons. Another \$50 million for more supplies and weapons was reprogrammed at Mr. Wilson's initiative in the same way last July.

The Senate, at the urging of Malcolm Wallop, Republican of Wyoming, then took the lead in increasing the annual aid to the point where it is about \$250 million for fiscal 1985.

The specific amount for 1985 is difficult to calculate, according to sources, because there is some unspent money from previous years that is expected to be used this year. But the sources said that spending would range from \$250 million to \$280 million.

It is clear from interviews with more than 20 officials familiar with the Afghan covert aid program that over the last 18 months, while public attention has been focused on the CIA's activities in Nicaragua, Congress opened the dollar flow to this much-less-visible program.

By contrast, Congress last year cut off a funding program for op-

## Army Units Deployed on Road South Of Beirut

By John Kiffer  
New York Times Service

BEIRUT — The Lebanese Army has begun deploying its forces down the coastal road south of Beirut in a much-heralded step in the government's attempt to extend its authority beyond a few neighborhoods in the capital.

The effort began Saturday after weeks of haggling between rival Christian and Druze militias.

The lead elements of a 1,200-member force have reached a point within two miles (3.2 kilometers) of the Israeli occupation line at the Awali River, north of Sidon.

But anxiety continued unabated in mostly Moslem West Beirut, with two more car bombs on Saturday killing two persons and wounding about 25. One bomb hit a Druze-owned gasoline station and another went off in the almost entirely Sunni Moslem neighborhood of Fakhani, causing the deaths and the most damage.

Militiamen of various factions were out in force at key locations, brandishing automatic weapons and setting up checkpoints.

The key question was whether the army deployment would be merely cosmetic — as have been most of its deployments and the security steps announced since the pretense of sovereignty broke down in the face of a Moslem revolt in West Beirut in February — or whether the army would be able to open and control the road.

The issue will become even more important if Israel withdraws south from the area around Sidon. In talks with Israel, Lebanon has objected to Israeli demands for a broader deployment of United Nations troops, saying that such a move would violate Lebanese sovereignty. But this position has been undermined by Lebanon's inability to send its own army down its own major highway.

The main coastal road going south from Beirut has been closed for 11 months, largely because of clashes between Christian and Druze militiamen along the coast and just inland.

The Druze controlled the area south of Beirut International Airport to the burned-out village of Damur, while the Christians held an enclave just to the south, around Jijeh, to the Israeli line.

Much of the delay in deployment was caused by the objections of the Druze, but the final snag had been the refusal of the Christian Phalangists to pull out several hundred guerrillas brought in from elsewhere. The Christians finally agreed to do so.

Units of the newly formed 12th Brigade, which is to include both Christian and Moslem troops and officers, moved out in a 20-vehicle convoy of trucks, jeeps, and seven French-made tanks on Saturday morning, flying brand-new, oversized Lebanese flags.

Women along the way threw rice and rose petals at them, as they have previously for Palestinians, Syrians, Israelis and troops of the multinational force.

**Rabin to Offer Plan**

The Israeli defense minister, Yitzhak Rabin, said Saturday that he would propose a unilateral, phased withdrawal of Israeli soldiers from southern Lebanon. The Associated Press reported from Tel Aviv.

Mr. Rabin's plan, announced during an Israel Radio interview, apparently would leave the area under the control of the South Lebanon Army, a pro-Israeli Christian militia, instead of the Lebanese Army, as the Lebanese government wants.

The defense minister said the withdrawal would begin at the Awali River. Israeli soldiers would pull back from along the eastern front with Syria at a later date.

He gave no timetable, saying only that it would be executed in stages "so that we can maintain a freedom of decision, to change things if it turns out that developments are significantly different from what we expected."

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## WORLD BRIEFS

### Inquiry Sought on Missile Accident

BONN (WP) — West Germany's opposition Social Democrats have demanded a government investigation into why the motor of an unarmed Pershing-2 missile ignited as it was being unpacked at a U.S. military base Friday, killing three soldiers and injuring 16.

Meanwhile, a seven-member team from the Army Safety Center in Fort Rucker, Alabama, arrived Saturday to investigate the accident at Camp Redleg, near Heilbronn in southern Germany, and a team of 15 experts was flown in from the U.S. Missile Command in Huntsville, Alabama.

Leading members of the Greens party, which guided the nationwide campaign that tried to block installation of the missiles, contended the accident vindicated their argument that U.S. troops in West Germany should not be entrusted with weapons of mass destruction.

### Pope Assails Human Rights Hypocrisy

ROME (NYT) — Pope John Paul II, using sharp language in his annual welcoming speech to the Vatican's diplomatic corps, referred to the 10th anniversary of the signing of the Helsinki accords and criticized nations who defend human rights abroad while violating them at home.

He seemed to aim his remarks on Saturday at the Soviet Union and its allies, referring to "grave problems that arise where the state has adopted an atheistic ideology." The pope praised the resumption of arms negotiations between the United States and the Soviet Union, and urged wealthier nations to act with "generous love" to resolve the problem of the "enormous debts" of Third World nations.

In an apparent reference to the persecution of Christians in some Moslem countries, the pope spoke of the "astonishment and the sentiment of frustration among Christians, for example in Europe, who welcome believers from other religions, giving them the possibility of exercising their worship, and then see Christian worship forbidden in the countries where these believers, who are in the majority, make their faith the state religion."

### U.S. Bishop Blocks 2 Abortion Clinics

NEW YORK (NYT) — The Roman Catholic bishop of Albany, New York, has obtained a temporary court order blocking efforts by two Planned Parenthood clinics to begin providing abortions.

Attorneys for Bishop Howard J. Hubbard obtained the order Friday just hours after Planned Parenthood had obtained approval from the state Health Department to offer abortions at clinics in Albany and in Hudson.

The order by state Supreme Court Justice John Pennock bars the department from issuing a final operating license to Upper Hudson Planned Parenthood pending a hearing on Jan. 25. A spokesman for the National Conference of Catholic Bishops in Washington said Saturday that the Albany diocese may be the first in the United States to try to block the opening of an abortion clinic by going to court.

### Turkey Criticizes Greek Defense Plan

ANKARA (Reuters) — Turkey has denounced a new Greek defense policy as inconsistent and a "grave development." The Greek government approved last Tuesday in Athens a policy that officially emphasizes Turkey, a fellow NATO member, rather than neighboring Communist countries as the main threat to Greece.

A spokesman for the Turkish Foreign Ministry, Yalim Erlep, said Friday, "The inconsistency of a country which wants to deploy its armed forces against a member of the same alliance is there for all to see."

Mr. Erlep described the new Greek policy as "a grave development for Turkish-Greek relations and the NATO alliance."

### Zia Sets Date for Assembly Elections

ISLAMABAD, Pakistan (AP) — President Mohammed Zia ul-Haq has announced that elections will be held Feb. 25 to replace the parliament disbanded in July 1977 with the imposition of martial law, which is still in force.

General Zia said Saturday that, although the elections for the National Assembly are expected to start a process of power-sharing between the armed forces and elected civilian representatives, political parties will not be allowed to take part in the campaign.

He said Moslems will vote for Moslem candidates, and non-Moslems will elect non-Moslem candidates. Pakistan is an overwhelmingly Islamic country, and General Zia has been enforcing the religion's code of law.

### Savimbi Promises to Free 22 Hostages

JAMBA, Angola (Reuters) — Jonas Savimbi, the Angolan guerrilla leader, has met with foreign reporters to disprove rumors of his death and has promised to free 22 foreign hostages unconditionally.

Mr. Savimbi addressed about 2,000 supporters at a rally at his bush headquarters at Jamba Friday, then met the four journalists. He said reports of his capture or death were Angolan government propaganda and joked: "I will die many times before I reach Luanda," Angola's capital.

He said his National Union for the Total Independence of Angola plans to step up its guerrilla campaign with car bombs and attacks on multinational companies. He said the hostages seized two weeks ago by UNITA were making their way on foot to Jamba, which has no telephone or telex links with the outside world.

### Galvin Will Lead U.S. Latin Forces

WASHINGTON (WP) — Lieutenant General John R. Galvin, head of the U.S. Army's 7th Corps in Europe, has been named commander of U.S. forces in Latin America, succeeding General Paul F. Gorman.

General Galvin, 55, will become a four-star general when he replaces General Gorman on April 30, the Defense Department announced Friday. Pentagon officials said General Gorman, 57, had been offered a range of positions in a vain effort to persuade him not to retire.

One plan called for General Gorman to command NATO forces in Europe for two years, then replace General John W. Vessey Jr., chairman of the Joint Chiefs of Staff, when his term expires in 1986. When General Gorman retired he was wanted to return to private life. The Pentagon asked General Bernard W. Rogers, the NATO commander, to serve two more years in Europe.

### For the Record

Major aspirin manufacturers in the United States have agreed to develop labels warning about the association between the use of aspirin for children and teen-agers and the often fatal Reye's Syndrome. (LAT)

An explosion caused by leaking gas erupted Saturday at a meat market in the Warsaw suburb of Falenica, killing at least six persons and injuring about 30, official news organizations reported. (UPI)

West German explosives experts defused a home-made bomb Sunday left outside the front entrance of a regional West German Army headquarters at Wiesbaden, police officials said. No group immediately claimed responsibility. (UPI)

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## AMERICAN TOPICS



Pat Fortier, who has been mugged twice, wears a suit of armor as a protest as he walks along a street in Detroit.

## 2d Reagan Inaugural To Continue 4 Days

President Ronald Reagan's second inaugural celebration will last four days, highlighted by eight black-tie balls, a national prayer service, a "greater emphasis on youth and free events," says Michael K. Deaver, the outgoing deputy White House chief of staff and general chairman of the presidential inaugural committee.

Mr. Reagan will be sworn in at a private ceremony at the White House on Sunday as required by the constitution. The official outdoor inaugural ceremony at the Capitol, the big presidential parade down Pennsylvania Avenue and the inaugural balls will take place on Jan. 21.

Inaugural festivities will start Friday. Admission to the inaugural ceremony is free, but by invitation only. Parade tickets start at \$12.50. The "hottest ticket in town" is the Saturday evening gala produced by Frank Sinatra. Tickets are \$200, but the only people who can buy them are the 6,000 people who were invited by the White House.

## Last Dusky Sparrows Singing Swan Songs

The world's last three dusky seaside sparrows, whose salt marsh habitat in central Florida was drained to make room for housing developments, ranches, highways and the John F. Kennedy Space Center, are living out their last days in a corner of Disney World that is not open to the public, the Los Angeles Times reports.

All are males. With no female of the species left, each of the males has been coupled with the next best bird, a Scott's sea-side sparrow, a cousin from Florida's Gulf Coast. In a process called back-crossing, the idea is to mate each generation of offspring with the remaining purebreds. This will produce 75-percent, then 87.5-percent, then 93.75-percent dusksies and so on.

The Florida Audubon Society, with state approval, is backing the belated program to save the dusky. But the U.S. Fish and Wildlife Service has remained aloof. Says Harold O'Connor, a service biologist, "Legally, a 98.4-percent dusky isn't a dusky. The bird we would get through cross-breeding would not be the bird we are losing."

## Short Takes

One result of the growing get-tough attitude on crime is that more juveniles charged with serious offenses like rape and murder are being tried as adults, 13,000 in 1982, up from 10,400 in 1975. The National Center for Juvenile Justice says the actual number is far higher. In the past five years a score of states have adopted laws allowing for automatic trial of juveniles as adults in serious cases.

When members of Congress want to know whether a bill they are framing is constitutional, they call on Johnny H. Kilian, 46, the expert at the Congressional Research Service. Mr. Kilian can cite Supreme Court decisions over the past two centuries. He anno-

lates the constitution and closely reads all decisions of the high court — except tax and securities cases. Mr. Kilian says he finds some of these "incomprehensible."

## Notes About People

When Robert Shoffner, wine and food critic for the Washingtonian magazine, showed up last month at "Jean Louis at the Watergate," Jean Louis Paldin himself informed him that two Shoffners had been bad for business, and refused to serve him. Mr. Shoffner called in the police, who explained that service was required by law.

Mr. Shoffner then was informed that the kitchen was out of everything except cold appetizers and dessert. He left, and filed a complaint the next day with the local Office of Human Rights. A few days later, he went to the restaurant and ate a \$95 meal. Both critic and restaurateur suggested that they were ready to let bygones be bygones.

Dan White, 38, has been freed six years after he shot and killed Harvey Milk, a fellow member of the San Francisco board of supervisors, and Mayor George Moscone, on Nov. 27, 1978. Mr. White, convicted of manslaughter after his lawyers argued that he had been suffering from diminished mental capacity, has been living on parole in Los Angeles for the past year. He is now free to return to San Francisco, but many people there, including Mayor Dianne Feinstein, have said that he should stay away for his own and the public's safety.

Rita M. Lavelle, former chief of the federal toxic-waste clean-up program, is awaiting a decision on her appeal against a six-month prison sentence and \$10,000 fine for lying to Congress. "It's been two years of sheer hell," said Miss Lavelle, 36, who is living with friends in San Diego. She says that with the appeal decision pending, she can't get a job, but she has been lecturing on college campuses and writing a book.

Thirty years ago last month, Colonel John Paul Stapp rode a rocket sled that accelerated in five seconds to 632 miles (1,018 kilometers) an hour; then was brought to a stop in 1.4 seconds. Colonel Stapp, a physician, was subjected to 40 times the force of gravity, four times what the early astronauts felt. His research was used in the design of spacecraft, airplanes and cars. Now 74 and retired from the air force, he says the only lasting effects he suffered "are all the hunches and dinners I have to go to now."

Excuses heard in the state Traffic Violations Bureau in New York City, as recounted by Larry Waldman, the head judge, in The New York Times: A driver ticketed for stopping his car to eat a sandwich, blocking traffic: "I am a diabetic and I must eat small, regular meals many times a day. My doctor says I can't vary my schedule." A driver ticketed for running a red light: "I have a tinted windshield and you can't tell the color of the light through the glass."

—Compiled by ARTHUR HIGBEE

## Brazil Shows Optimism After 3 Years of Crisis

Civilian Rule, Economic Recovery And Rock 'n' Roll Tunes Are in Air

By Jackson Diehl

Washington Post Service

RIO DE JANEIRO — Mobs of Brazilians are gathering to celebrate warm weather, international rock stars, buoyant economic trends and a change of government that has propelled Brazil into a festival of national good feeling.

After three years of economic hardship and political crisis, Brazilians have begun the new year with the sense that their nation has regained its good fortune and shining potential. "There is a feeling that we are going to wake up next week and everything is going to be green," said Alexandre de Barros, a political scientist.

For the first time in four years, employment, production and national wealth are all on the increase in Brazil, and economists are predicting that the surge will last through the year. Salaries in private industry have been rising for the past six months. In São Paulo alone, 110,000 new factory jobs opened last year.

Six weeks before its traditional carnival, Rio has galvanized the nation's youth with a 10-day, \$11-million international rock festival that opened Friday in Baixada de Jacarepaguá before an exuberant crowd of more than 100,000 people.

In Brasília, meanwhile, thousands of politicians and their supporters are ceremoniously gathering for the expected election Tuesday of the civilian opposition leader, Tancredino Neves, as Brazil's new president, ending 21 years of military rule.

"People have a feeling that they have broken through the old system, and a new era is beginning," said Raphael de Almeida Magalhães, a politician of Mr. Neves's Brazilian Democratic Movement. "Tancredino is the symbol of that."

Everyone is looking ahead to greater participation and solutions for their problems."

The revival of the characteristic national optimism of Brazil's 130 million people may soon prove unfounded. Despite the economic growth of 4 percent last year, a foreign debt of \$100 billion and inflation of 220 percent threaten to drag the country into another recession. Poverty, unemployment and urban crime remain at high levels, and Mr. Neves's unwieldy political alliance has yet to settle on even a basic plan of government.

Nevertheless, many Brazilian leaders seem to feel that the worst of the country's trials are over.

"There is not going to be any more recession," said Rui Barreto, the president of the Confederation of Commercial Associations of Brazil. "There can't be, because we can't have anything worse than what we have had."

If this proves true, Brazil could become a model for a region still struggling to overcome one of the worst economic crises in its history and could consolidate a trend toward democratic government. Like most of its South American neighbors, Brazil was stricken by recession in 1981 and a collapse of financing for its foreign debt in 1982.

By late 1983, the nation's mood had hit bottom. São Paulo was shocked by rioting and sackings of supermarkets by hungry mobs spread from Rio to the impoverished northeast. Per capita income dropped 10 percent below its 1980 level. The military-backed government of President João Figueiredo appeared destined to supervise a restricted competition for a new president between two unpopular candidates of the ruling Democratic Social Party.

As in Argentina and Uruguay, Brazil's crisis provoked a shakeup in the established economic and political order. Yet the Brazilians found their own, distinctive route for change, mixing rebellion with smooth conciliation and the slow, subtle construction of a national consensus.

Unlike in Argentina's case, for example, Brazil's economic ministers willingly accepted the economic stabilization plans of the International Monetary Fund, thereby pleasing commercial banks and Western governments holding its foreign loans. The government then simply neglected to carry the programs out.

Seven times in the last two years, Brazil has agreed on a formal "letter of intent" with the IMF spelling out austerity measures. In each case, it has quietly ignored the most disagreeable steps.

At the same time, Brazil has taken the steps necessary to expand its exports at a stunning pace, amply surpassing the IMF targets, reviving the internal economy and allowing it to plan to meet its payment obligations for the first time next year without fresh bank loans.

The emergence of civilian rule has followed a similarly circuitous course. When millions of citizens turned out on the streets early last year to demand a direct presidential election, the military and the Social Democrats preserved their



Tancredino Neves

Paulo Salim Maluf

prestige — and a measure of control — by refusing to alter the system of an indirect election by an electoral college.

Nevertheless, the public pressure eventually led to an alliance of opposition and government party leaders behind Mr. Neves, the 74-year-old opposition leader and former prime minister, making him the overwhelming favorite over his military-backed opponent, Paulo Salim Maluf, 53, in Tuesday's vote.

Brazilians thus expect to avoid the partisan strife and alienation of the military that have accompanied the return of other Latin nations to civilian government.

This harmonious style carries its own risks. The evasions of Brazil's economic technicians have left it with dangerously high inflation that most economists expect to increase in the coming months. The eccentric political process has produced a leader focused on building alliances rather than defining his positions, with the result that no one is sure how Mr. Neves will lead the nation — or if he will be able to lead it at all.

Moreover, neither the economic nor the political tempering seem to respond to Brazil's underlying social and economic ailments, such as its grossly unequal distribution of income and increasing rural impoverishment.

## Honduras, El Salvador Aid Nicaragua Rebels Following U.S. Cutback

By Philip Taubman

New York Times Service

WASHINGTON — Honduras and El Salvador have replaced the United States as key sources of aid to Nicaraguan rebels, according to Reagan administration officials and members of Congress.

They said Israel had also increased its aid to the rebels, providing more weapons and advice. Although the three countries began assisting the rebels several years ago, the level of their support and its importance to the insurgents increased as assistance from the United States diminished and eventually ended during 1984, the U.S. officials said.

The support has raised questions in Congress on whether U.S. arms and other supplies sold or given to Honduras, El Salvador and Israel are being diverted to the Nicaraguan rebels. That is barred by both foreign aid legislation and a specific ban on U.S. aid to the rebels.

As U.S. aid to the rebels ran out last year, the officials and lawmakers said, Honduras became a major supplier of ammunition to the insurgents, and El Salvador took over the job of maintaining the rebels' small air force.

El Salvador and Honduras are impoverished nations heavily dependent on U.S. aid. Officials from both countries, while denying publicly that their governments are helping the rebels, have said privately that aid has been provided. Israeli officials have also denied aiding the rebels.

Representative Joseph P. Addabbo, Democrat of New York, chairman of the defense subcommittee of the House Appropriations Committee, said in a recent letter to Secretary of State George P. Shultz, "I am concerned that countries receiving U.S. foreign assistance aid may be utilizing a portion of such aid to assist the con-

trast and, in so doing, effect a rather devious contravention of the law."

Administration officials denied that U.S. foreign aid had been funneled to the rebels.

The State Department, commenting on the Addabbo letter, said: "As we have stated before, the United States has not provided funds to third countries for the purpose of supporting covert activities in Central America. We are not in a position to comment on allegations of activities pursued independently by other nations."

The recent Honduran assistance, according to an administration official, has included "tons of ammunition."

He said that although there was no formal agreement with Honduras, the ammunition would be replaced by the United States, it is understood by both U.S. and Honduran officials that "Honduras won't end up with a shortage of bullets."

Administration officials said this indirect method of aiding the rebels followed a pattern set in 1982 and 1983 when Honduras supplied the insurgents with more than 6,000 Belgian automatic rifles.

The Hondurans gave the rebels the rifles, which a former Honduran military officer said were "like new," after the Honduran Army got new automatic rifles from the United States, administration officials and members of Congress said.

The Salvadoran aid, the officials said, consisted primarily of letting the rebels use Salvadoran military aircraft to base their aircraft. The Salvadoran Air Force has helped maintain the planes and has provided fuel and ground-control support, administration officials said.

Israel, which started aiding the rebels in 1983, has continued to provide them with Soviet-made arms captured in Lebanon during the Israeli invasion in 1982, according to Reagan administration officials. They said Israeli shipments of rifles, grenades and ammunition to the rebels had picked up since last summer.

## Rebel Deception Alleged

Nicaragua's Foreign Ministry accused rebels on Saturday of planning to disguise themselves as Sandinista troops and attack four border villages in Lebanon during the Israeli invasion in 1982, according to Reagan administration officials. They said Israeli shipments of rifles, grenades and ammunition to the rebels had picked up since last summer.

The Foreign Ministry statement came a day after Costa Rica's security minister said his country was pressing friendly nations, including the United States, Venezuela, West Germany and Israel, to provide arms so it could defend itself from possible external attack.

Costa Rica has no standing army. The minister, Benjamin Piza, said the country's Civil Guard needed 30mm machineguns, modern rifles and other equipment.

## Duarte Expected to Delay New Talks With Rebels

By James LeMoyné

New York Times Service

SAN SALVADOR — Senior Salvadoran officials say that growing political pressure has made it unlikely that President José Napoleón Duarte will pursue peace talks with leftist rebels until after national elections are held in March.

The dimming prospects for talks appear to be a result of increasing polarization as the five-year war in El Salvador grinds on and vying political interests prepare for the elections, which will determine control of the legislative assembly.

After seven months in office, Mr. Duarte is openly confronting the conservative-dominated assembly on a new electoral law that appears to favor parties to the right of his Christian Democratic Party. With his party seeking a majority in the legislature, Mr. Duarte is considered too politically exposed to risk pressing talks with the guerrillas.

"I see it as very difficult to have a dialogue now," said a senior government minister. "It's hard to sit down to talk when the internal political problems are so grave."

Salvadoran officials emphasize that they have made no decision on whether and how to meet the rebels again. But two government negotiators at the last round of peace talks in November have said that they will counsel Mr. Duarte not to press further talks now.

When he began talks in October, Mr. Duarte had high hopes of forming a national consensus supporting negotiations to end the civil war. After two meetings, that effort appears to have collapsed.

Public opposition to the talks has been led by Roberto d'Aubuisson, leader of the far-right Nationalist Republican Alliance. Businessmen's associations also have publicly distanced themselves from Mr. Duarte, and conservative army officers are believed to have privately criticized his decision to negotiate with the guerrillas.

Although rebel spokesmen have publicly asked to meet with government representatives, they say there has been no response.

The other major split between Mr. Duarte and his conservative opponents is over the electoral law. It gives an advantage to conservative candidates by allowing the Nationalist Republican Alliance and the National Conciliation Party, the next largest conservative party, to run the same list of mayoral candidates under separate party symbols.

Mr. Duarte, who has vetoed parts of the law, and members of his Christian Democratic Party contend that the country's many illiterate citizens vote for party symbols rather than names of candidates. They say those people will not realize that they are voting for the same candidate when they choose between the two leading conservative parties.

## Mexican to Visit Belgrade

The Associated Press

BELGRADE — President Miguel de la Madrid of Mexico will pay an official visit to Yugoslavia later this month, the state-run news agency, Tanjug, reported Sunday.

## Dole Bars Increase in 1985 Taxes

By Jonathan Fuerbringer

New York Times Service

WASHINGTON — The Senate majority leader, Robert I. Dole, has declared that there is no chance of a tax increase this year.

"No one is pushing taxes and I think the chances this year are zero," the Kansas Republican said in an interview Saturday. "We just ought to face up to that."

Senator Dole again insisted that a limit on cost-of-living increases in Social Security payments, which provide retirement, disability and survivor benefits, be considered as part of a package of spending reductions aimed at cutting huge federal budget deficits.

In recent comments, made after Senate Republicans met to work on a deficit-reduction plan, Mr. Dole said tax increases should not be considered now. Instead, he said, efforts to tackle the budget deficit should emphasize spending reductions. He had previously left the door open for tax increases, referring to them as a "last resort."

"If we finish the first round" of spending reductions, Senator Dole said Saturday, "there is an outside chance we may go back to the last resort. But we might as well be realistic, we're not going to stick taxes in there."

He said Senate Republicans were still aiming to reduce the federal deficit to \$100 billion in 1988, but he said they might fall short of that goal. Nevertheless, he said chances were very good for approving a deficit-reduction package this year.

The basic proposal under consideration by Senate Republicans is a complete freeze on all federal spending, including the military budget and cost-of-living increases in Social Security payments.

In a meeting of members of the Senate Republican leadership on Wednesday, Senator Pat Dymally of New Mexico, chairman of the Budget Committee, presented a list of more than 70 proposals for eliminating or cutting programs, in addition to the freeze. Most of the program proposals were included in President Ronald Reagan's outline of planned budget cuts.

Social Security benefits "should be considered like everything else" in planning a spending freeze, Senator Dole said. He said that "it's going to be tough" to freeze other government cost-of-living increases for pension and benefit programs without doing the same to Social Security.

"There is broad, bipartisan support that it shouldn't be off limits," he said.

President Reagan said at his news conference last week, for the first time, that he would "look at" a deferment in Social Security cost-of-living adjustments if faced with a "congressional mandate." House leaders have objected strongly to any reductions in Social Security payments.

Senator Dole directed Republicans to produce their own deficit-reduction package after the Reagan administration said its proposal, to be included in its 1986 budget, would result in a budget deficit of about \$140 billion in 1988.

The president is scheduled to present his budget on Feb. 4.



GETTING UP TO SPEED — William J. Schroeder, who received a mechanical heart seven weeks ago, has a vigorous workout on an exercise cycle in the Louisville, Kentucky, hospital where he is recovering. "His strength is improving," a hospital official said.

## N.Y. Criminal Courts Verge on 'Legal Death'

The Associated Press

NEW YORK — New York City's Criminal Court, the forum that apparently helped sour Bernhard H. Goetz on the criminal justice system, is a court where judges handle an average of 10 cases an hour, one every six minutes.

A crushing case load has brought the court to the verge of "legal death," according to a New York Bar Association report. Little more than one-half of one percent of Criminal Court cases go to trial.

Mr. Goetz, who has confessed to shooting four youths as they harassed him on a subway train on Dec. 22, grew familiar with the court after being mugged in 1981.

Mr. Goetz complained to friends of having to spend more than six hours in the Manhattan Criminal Court building, while the youth who mugged him was out in less than three. Later, the case was submitted for noncriminal mediation.

Eventually, the youth spent four months in jail, but acquaintances say the experience seemed to have embittered Mr. Goetz.

Mr. Goetz is not alone in his frustration with Criminal Court. The Bar Association report termed it "a system out of control — a crowded, heavily time-pressed, continually depressing marketplace in which the need simply to dispose of cases has overshadowed everything else."

In 1983, Joseph Williams, the court's administrative judge, described its quality of justice as "almost nil." Asked if things have improved since, he laughed and said, "Justice as it is administered in the Criminal Court is not of the highest caliber."

Criminal Court is a city-wide court system that processes all arrests and decides all misdemeanor charges. It also handles lesser drug and assault charges, as well as offenses such as theft, prostitution and vandalism.

In 1983, the last year for which figures were available, the Criminal Court's 62 active judges handled

231,899 arrest cases, 10 percent more than 1982. Police reported a 13 percent increase in arrests in 1984.

Judges, under what the bar report termed the "extreme pressure" of crowded calendars and jails, sometimes dismiss meritorious cases.

Last September, Manhattan's district attorney, Robert M. Morgenthau, accused Judge Jay Gold, who had removed more than 100 cases from active status in a two-week period, of "clearing his calendar at any and all costs."

Although pressure keeps the turnstiles moving, it also mitigates against a trial, a court's most costly and time-consuming proceeding. "While students of criminal justice may argue about whether a healthy court system should try 5, 10 or some greater percent of its cases, there is no debating that a court system which tries less than 1 percent is in its death throes," the bar report concluded.

In 1983 only 1,316, or six-tenths of 1 percent, of Criminal Court's 231,899 cases went to trial.

Prosecutors and defense lawyers have trouble getting trials for even high-priority cases, so justice boils down to systematic plea bargaining. The prosecution's ultimate threat — a trial — is more like a bluff.

Besides the lack of trials, the court's sluggishness has two particularly vivid manifestations: • Suspects arrested in Manhattan are held an average of 33 hours before arraignment, according to the city. That means an arrest carries a seemingly unconstitutional jail term.

• The enforcement of summonses has been all but abandoned. In 1983, 73 percent of the 638,055 people issued summonses for offenses such as disorderly conduct failed to respond in mail or in person. The backlog of unanswered summonses stands at more than four million.

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## Israel's Black Jews: Facing Reality After the Warm Welcome

By Thomas L. Friedman  
New York Times Service

JERUSALEM — There is an old saying here that Israel is a country that loves immigration but hates immigrants. The arrival in the last few months of almost 10,000 Ethiopian Jews has demonstrated just how true, and how false, that saying is.

There is, for the most part, a palpable sense of pride that the black Jews of Ethiopia, believed to be descendants of the biblical tribe of Dan, are returning to their ancestral land. Stories of Ethiopians arriving barefoot and ragged at Ben Gurion Airport, and immediately kneeling to kiss the tarmac, have touched even the coldest hearts.

In general, the arrival of the black Jews has been greeted with a wave of volunteerism: families offering hospitality, some dentists offering free dental care, and even a few building contractors undertaking to fix up run-down apartments.

At a time of almost unrelenting bad news in Israeli headlines, the Ethiopian influx has been a welcome morale booster, a reminder to Israelis about why they created a Jewish state in the first place. One reason the story could not be kept quiet for long — the publicity prompted a halt in the secret airlift that Israelis hope will be only temporary — was that almost everyone involved wanted to tell someone about the remarkable rescue.

But despite the initial good feeling, there are clearly going to be serious difficulties in absorbing the newcomers.

Like any country, Israel has its racism, ready to grumble about "black Jews," but they are relatively insignificant.

More troubling is the resistance to the Ethiopians from financially strapped development towns, where many of them are being sent. These towns are already burdened with unemployment, chronic shortages of funds and social tensions.



A fence at Ashkelon, Israel, separates an Israeli child from two Ethiopian children.

The mayors of several development towns have asked the government to send no more than a few Ethiopians, not because of color, but because of lack of cash. As Amir Peretz, mayor of Sderot in the Negev desert, told the magazine Koteret Rabeet: "We have received" Ethiopian families "and I think that they have been absorbed well. But there aren't any more empty apartments in Sderot. Our young couples don't have apartments."

One community that has been eager to absorb the Ethiopians has been the Jewish settlers in the West Bank. "We have 60 Ethiopian families here," said Elyakim Haerzi, a leader of the Kiryat

Arba settlement outside Hebron. "Other places don't want them. We will take all they can send."

The Ethiopians for the most part feel comfortable in places like Kiryat Arba, where there are good religious schools and a strong religious atmosphere and where they are among Israelis who share the deep spiritual messianism that many of the black Jews have preserved through the ages.

Although in Ethiopia they followed only the Five Books of Moses and were not exposed to the traditions of Judaism contained in the Talmud, the Ethiopians tend to be much more observant of religious laws than the average

Israeli. One reason Ethiopian Emperor Haile Selassie refused to let them emigrate to Israel before his overthrow in 1974 was because their presence buttressed his claim to being a descendant of King Solomon.

However, like many other Jewish immigrants, the Ethiopians have had their Judaism called into question. Israel's rabbinical authorities are insisting that they undergo ritual immersion to reaffirm their Judaism, which many of the Ethiopians are now indignantly refusing to do.

"As soon as we come we are told: 'Convert,'" Yitzhak Israel, a 24-year-old Ethiopian, told the Jerusalem Post. "Why did we

come? Because we are Jews and this is our country."

Compared with other waves of Jewish immigrants, the Ethiopians present several special challenges. For one thing, no Israelis speak the Ethiopians' native Amharic. A Hebrew-Amharic dictionary has been prepared and the government is considering an Amharic radio program.

Unlike Soviet Jews, whose main difficulty is in adjusting to Israel's open political system and capitalist free market, the Ethiopians have to learn to cope with all the complexities of living in a modern technological culture.

Their main difficulties, wrote an anthropologist, Alex Vengrod of Ben Gurion University, have concerned "their color and the cultural gap between them and the Israelis." And, he added: "As opposed to the Israelis, Ethiopians are polite. The 'clever' Israeli behavior is something foreign to them."

The Ethiopians, though, are fast learners. They have quickly come to resent stories in the Hebrew press that portray their first days here, when some of them supposedly put their shoes in the refrigerator or washed clothes in the toilet. To their advantage, the Ethiopians are extremely eager to assimilate, anxious to discard African robes for the jeans and jackets of most Israelis.

"The Ethiopians have not wanted to maintain their old society here or have their own synagogue," said Jeffrey Halper, a Hebrew University anthropologist. "They feel that they have come here. Now that they are here, they want to be more Israeli than the Israelis."

**Syria Backs Meeting**  
Libya's official JANA news agency said Saturday that Syria has endorsed a Libyan call for an emergency meeting of the Arab League member nations to discuss the airlift of Ethiopian Jews to Israel. The Associated Press reported from Tripoli.

## Lawyer Closes Kennedy Says Pretoria Is Not Open to Change

By Alan Cowell  
New York Times Service

WINDHOEK, South-West Africa — Senator Edward M. Kennedy said that he does not believe that the white authorities in South Africa are committed to "meaningful progress" on changing their racial policies. He indicated that he would seek punitive legislation designed to force change.

"Support for the measures will be broader than the South Africans think," he said Saturday after a three-hour visit to Windhoek, capital of South-West Africa.

The territory, widely known as Namibia, is ruled by South Africa in defiance of the United Nations. Nationalist insurgents have been fighting a low-level guerrilla war against South African rule for 18 years.

An aide to the Massachusetts Democrat said one idea under consideration was to seek support for "self-triggering legislation" that would invoke punitive measures against South Africa if it did not make progress within a specified period on three issues: citizenship for South African blacks, the vote for blacks and an end to forced removal of groups from what the government has designated "white areas."

Previous congressional moves against South Africa have called for degrees of economic sanctions.

The aide said the question was not whether there would be legislation, but what form it would take. Current U.S. policy toward South Africa is called "constructive engagement," based on the notion that quiet persuasion is more effective than confrontation.

The policy has shown few concrete results, but some South African commentators say that threats from the United States would prompt the white leadership in Pretoria to reject outside demands for change in its policies of racial separation, or apartheid.

In September, the South African

government implanted a new constitution offering a limited political voice but no real power to people of Indian and mixed racial descent, and excluding the black majority.

Referring to the South African authorities, Mr. Kennedy said: "I do not think that they are committed to reform. I did not gather from my conversations with government officials that they are committed to progress on basic issues."

During his week-long visit, Mr. Kennedy has sought to display alignment with those opposed to the white authorities. He was the guest of Bishop Desmond Tutu, winner of the 1984 Nobel Peace Prize, and the Reverend Allan Boesak, president of the World Alliance of Reformed Churches.

When he arrived in Windhoek, Mr. Kennedy was met by about 100 hostile demonstrators at the airport and the views of those supporting what is called the Multi-Party Conference, a South African-sponsored alliance of small organizations opposed to the insurgency movement.

[In the South African black township of Soweto on Sunday, Mr. Kennedy was forced to cancel a farewell speech when black protesters threatened to disrupt the event. He had been due to deliver the address at the home of Bishop Tutu, Reuters reported.]

[The senator said before leaving for Zambia that he regretted not being able to speak, but added that he was leaving South Africa with "a sense of hope" and "warm memories."]

His reception from supporters of the insurgents at Katutura township, outside Windhoek, was cordial. The nationalist movement is led by the South-West African People's Organization, a Soviet-armed group based in Angola to the north.

The organization is not outlawed in South-West Africa but may not hold public meetings because its constitution advocates the violent overthrow of South African rule.

## Guerrillas Report Probes by Vietnamese at Border Camp

The Associated Press

SAN RO CHANGAN, Thailand — Vietnamese troops have probed the defensive perimeter of one of the last Cambodian anti-Communist resistance camps along the Thai-Cambodian border, a guerrilla leader said.

Loeng Sinak, leader of San Ro Changan camp, said the Vietnamese fired mortar rounds and machine guns at his front defense line. He said he ordered his men not to respond for fear the Vietnamese would be better able to pinpoint their positions.

The guerrilla commander said there were 1,400 fighters in the camp, which is controlled by the National Front for the Liberation of the Khmer People. The camp's civilians have been evacuated to this area inside Thailand, which has the same name as the camp.

Mr. Loeng Sinak said the Vietnamese were about two kilometers (1.2 miles) from his defenses, which were studded with bunkers and laid out in an L-shape. The camp, built last June, is fronted by thick forest, making attacks difficult. He said the Vietnamese were moving tanks into the area, but he did not know the direction or number.

The Vietnamese have overrun the guerrilla headquarters of Ampil and attacked or seized a string of other national front camps along the frontier. Hanoi's troops also have fought the Communist Khmer Rouge, but they have not attacked the stronghold of the third major resistance group, which is loyal to Cambodia's former ruler, Prince Norodom Sihanouk.

Indochina analysts say this dry season offensive may be the biggest

launched by Hanoi in the six-year war.

The national front president, Son Sann, toured this United Nations-supported refugee evacuation site Sunday. About 32,500 Cambodians from the Ampil and San Ro Changan camps are being temporarily sheltered here about 1.5 kilometers inside Thai territory. The refugee site is due west of the guerrilla camp that straddles the frontier.

Mr. Son Sann, 73, a former prime minister of Cambodia, condemned Hanoi for attacking concentrations of civilians along the border. He said that Vietnam, a member of the United Nations, was violating the charter of that world body.

Vietnam, which invaded Cambodia in late 1978, defeated the Khmer Rouge government and set

up a pro-Hanoi government in Phnom Penh, has taken on the bulk of the fighting against the resistance.

The official Phnom Penh press agency, SPK, reported Sunday that Defense Minister Bou Thong had sent a message of congratulations to his troops and those of Vietnam on their "recent victories along the Cambodian-Thai border."

Mr. Bou Thong reportedly noted that among resistance positions captured were Phnom Kambot, O Bok, Danglum, Phnom Chat, section 204, position 164 and hills 322 and 250.

There was fighting Saturday at the resistance camp of Rithisen. More than 20 artillery rounds hit positions while light weapons fire was exchanged, according to national front officers. They said four of their soldiers were killed and

three were wounded during the day and previous night.

Rithisen, near the Thai border, has been under siege for 19 days. Vietnamese troops hold most of what was once the largest national front camp.

Major General Salya Sriphen, commander of the Thai Eastern Force, said in Aranyaprathet, Thailand, that Thai soldiers completed laying down up to seven kilometers of barbed wire Saturday to demarcate the international border at Ampil.

Thai military officials near Aranyaprathet also presented to reporters five of six Vietnamese soldiers they said had defected and crossed into Thailand since Jan. 8. Two of the five were identified as officers and all said they were tired of fighting in Cambodia and were seeking exile in third countries.

## LETTERS TO THE EDITOR

**Hunger and the Diet Pill**  
Regarding "Fattening Manhattan, or the Vanished Pill" (Weekend, Nov. 23) by Mary Blume:

Ms. Blume cites fashionable people in New York who are "close to panic" because certain diet pills, distributed by manicurists and doormen, are no longer available. These pills apparently allowed people to eat enormously without gaining weight. The users now fear that after consuming quantities of rich holiday food, they will become fat. In the same edition, the news report "Chicago Becomes City of the Hungry" says that 29.5 percent of the city's population — more than one person in four — is at risk of going hungry. It also says that hospital admissions for symptoms of malnutrition have increased significantly.

I am unable to think of an appropriate comment. Perhaps some other reader can help me.

ELAINE W. SENIGALLIA,  
Rome.

**One, Two, Cha-Cha-Cha**

The Jan. 3 "People" column said that the bandleader Xavier Cugat, "in the 1960s, introduced the United States to such Latin American rhythms as the cha-cha." But it was in the early 1950s that he introduced the cha-cha. Among the popular Latin dances of the 1960s was the bossa nova.

LEONARD NEWTON,  
Perrigo, Portugal.

**Cold, Wet, Free**

Years ago I, like the reporter in Doonesbury, tried to find the reason for the worldwide problem of street sleepers. This was in Hibiya Park in downtown Tokyo. I received identical answers to my question as to why those shivering citizens did not avail themselves to the city's standing invitation to shelter and food. What they said was a paraphrase of Nathan Hale's last words — "because we like our freedom." And that commodity demands a high price from anyone.

RUDOLF VOLL,  
Hong Kong.

**The French on China**

Regarding the opinion column "Exit Marx, a Hard Act to Follow" (Dec. 14) by William Pfaff:

If Charles de Gaulle ever said "Let China sleep," he was quoting Napoleon, who coined the saying.

which, incidentally, is very much out of date in our time.

ROBERT SCHUMANN,  
Casablanca, Morocco.

**A Shekel-Dollar Link**

In response to "Israel: How to Stay Sovereign in a Flood of Shekels" (Dec. 27) by Joyce R. Starr:

The Aridor plan, part of which the Israeli government is implementing, not only called for stringent budgetary controls, but in full cognizance of politicians' inability or unwillingness to control their budgets, it imagined a novel discipline: The method was that all transactions, contracts or budgets be dollar-labeled (to be paid in dollars or dollar-linked shekels). This made it impossible to print more shekels than there were dollars on hand, as the receiver of payment would have the choice of currency. In short, he who had to pay had to have the dollars. Those of course could not be run off the press.

A not negligible secondary benefit would have been to eliminate in one fell swoop the inflationary system — the bane of present inflationary control — since salaries would also be quoted in dollars. Israel's inflation rate would have changed overnight to that of the United States. No more. No less.

S.C. SCHIFF,  
Paris.

**One Bird Per State**

Regarding Russell Baker's "Observer" column (Dec. 19):

Mr. Baker made some good points about teams keeping their names when they change location. However, his last paragraph is inaccurate: The Atlanta Flames have moved. They are in Calgary and are known as the Calgary Flames.

STEVE GOETZ,  
Florence.

Also, why should the Philadelphia Eagles be called the Phoenix Eagles? Why not the Arizona Eagles? Doesn't Minnesota have the Minnesota Vikings? What is good for Minnesota must be good for Arizona. (You also solve the awkward situation of having a team named after two birds.)

STEVE WHITE,  
London.

**No Sexism, Please**

Regarding the report "Sporting Gifts and Their Sadder Cautions" (Dec. 19):

This is not the Middle Ages. "Glamorous blonde females" are not necessarily instruments of sin. I am sick of the kind of equation between women and immorality that this report draws, to wit: "Only last weekend, as the 38-year-old fallen idol awaited the prospect of pleading for his liberty, he was photographed at the Mayfair nightclub in the company of glamorous blonde females and filled glasses."

Leave the blonde females out of it. Leave all the females out of it.

DARBY TENCH,  
Florence.

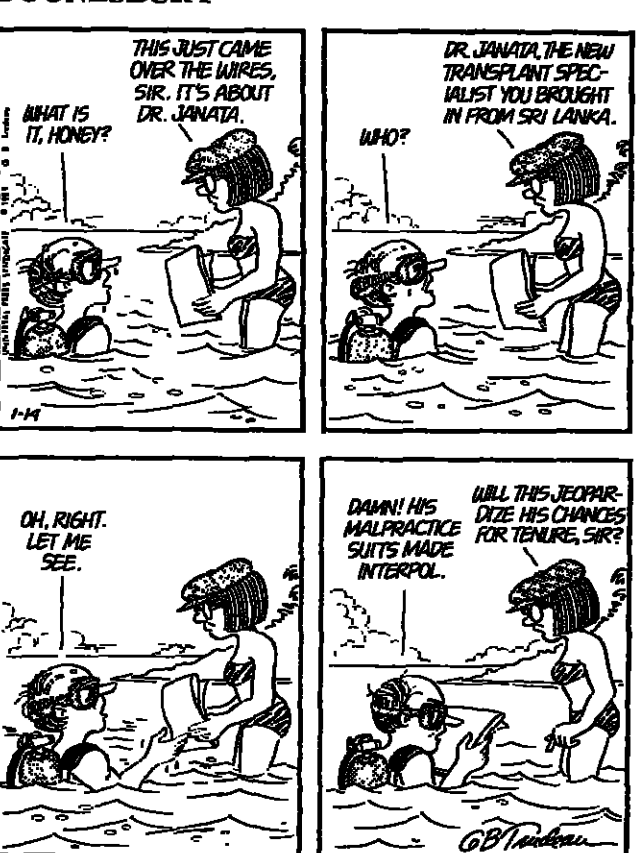
**Street Artist's Lament**

Regarding "Duel at Sunset: Key West at Odds Over a Daily Ritual" (Dec. 6) by Jon Nordheimer:

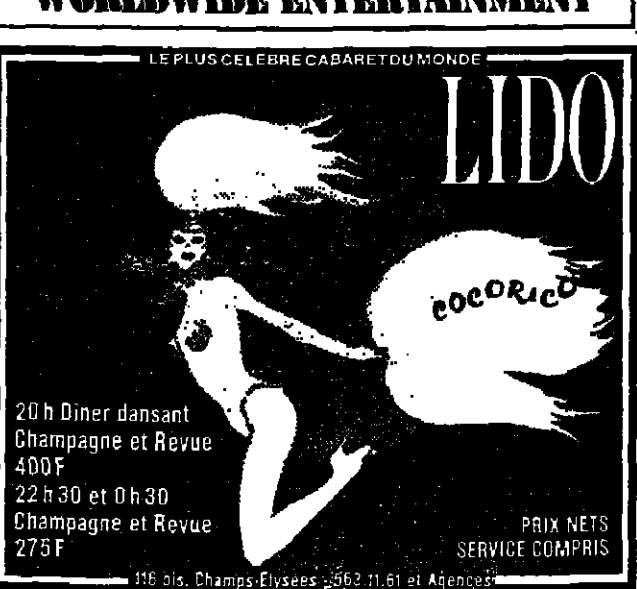
As an artist who performs on the street my heart sunk when I saw this report. The businessmen don't know what they are losing if they ban performers. Nobody goes to Key West just to buy tourist trinkets. The people also come to see jugglers, mimes and other artists. These performers fulfill a need.

STEVE GOETZ,  
Florence.

## DOONESBURY

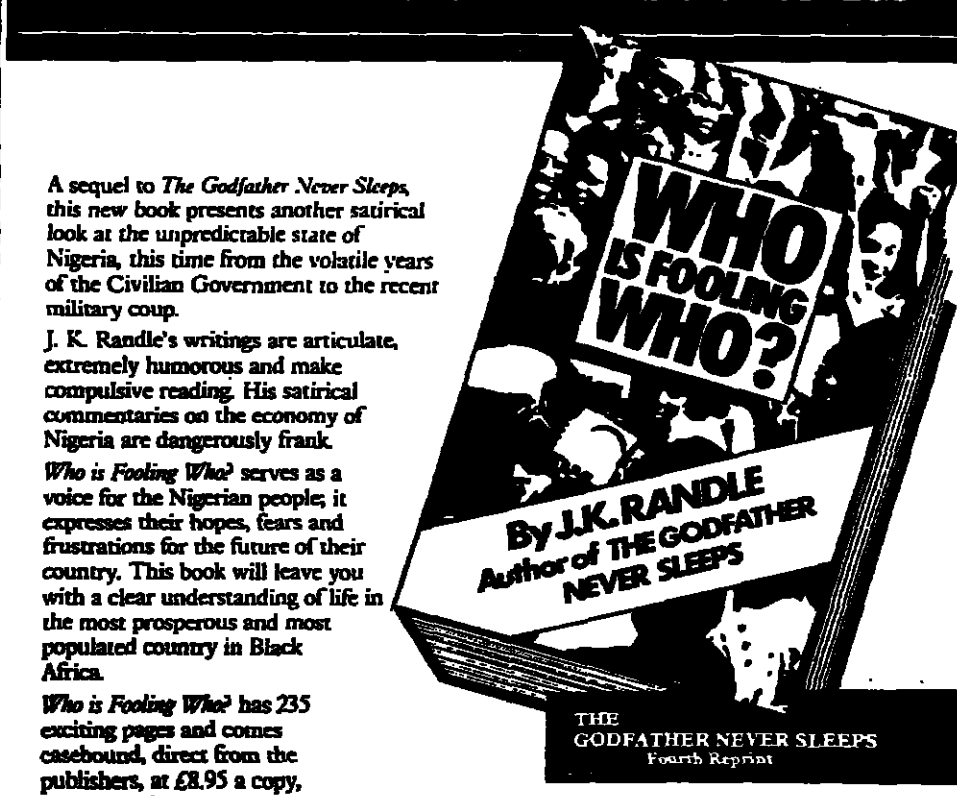


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## PERSONAL INVESTING

INVESTOR'S  
NotebookU.S. Junk Bonds  
Get More Respect

Junk bonds, those low-grade, high-yielding securities that captured the fascination of investors in 1984, seem headed to another bright year. In the past year major Wall Street investment firms formed special departments to get a piece of the booming junk-bond market, which last year was dominated by Drexel Burnham Lambert Inc.

Charles Phillips, managing director of Morgan Stanley's high-yield securities unit, estimates the volume of new offerings will be about 20 percent higher than last year's \$12 billion. "It's becoming an increasingly important segment of the fixed-income market," he said.

The success is understandable. Junk bonds pay an average 300 to 400 basis points (100 basis points equals 1 percentage point) above government and high-grade corporate paper. The higher yields compensate investors for purchasing debt securities from companies with low credit ratings.

But the market is not as risky as its name suggests. The term "junk bonds" covers all bonds rated Ba or lower. A wide spectrum of companies fall into this category and include many large corporations, like Metromedia Broadcasting Corp.

In fact, Mr. Phillips says that less than 1 percent of companies that issue junk bonds go bankrupt. Not surprisingly, analysts recommend investing in a diversified portfolio of junk bonds to minimize risk. Mr. Phillips calculates that a portfolio of junk bonds yielding 16 percent will in six years produce the same cash return as a portfolio of A-rated bonds yielding 12½ percent, even if the junk portfolio loses 32 percent of its value because of bankruptcy.

## Attractive Yields

Average yields in percent of junk bonds by industrial sectors

	June 15	Nov. 15	Dec. 14
Airlines	18.38	17.27	17.94
Basic Industry	18.13	16.43	15.33
Electronics	18.88	18.14	18.14
Energy	18.15	18.15	18.50
Media	18.07	14.80	14.84
Utilities	17.97	16.28	16.55
20-year U.S. Treasury bond	13.19	11.78	11.74

Source: Morgan Stanley

This is not to say that the gap between the yields on junk bonds and higher grade paper will be as wide as it has been. The growing market and influx of investors could start having an impact on yields this year. "It's a safe conclusion to say that over time spreads will come down," Mr. Phillips said.

CDs in U.S. Offer  
Real Estate Kicker

More U.S. brokerages are teaming up with savings and loan institutions on offerings of certificates of deposit whose returns are linked to the performance of the S&L's real estate loan portfolios. The instruments are being touted as a way for investors to have the security of a federally insured CD and the inflation protection of a real estate investment.

The form of the CDs varies substantially depending on the issuer, but they typically require a minimum purchase ranging from \$2,000 to \$10,000 and mature in from 8 to 12 years. Investors are guaranteed a minimum return that varies from 5 to 9 percent, substantially less than that available on conventional CDs. But the investor could receive additional return if the S&L's return on its loan portfolio exceeds a specified level.

The instruments have been criticized by those who believe that investors are giving up too much yield for the real estate kicker. The critics also worry about the S&L's expertise in the real estate business. But the brokerage houses counter that investors will find few other real estate plays with comparably low risks. "In the vernacular, it's the best thing since sliced bread," said an executive at Shearson Lehman/American Express, which underwrote a \$60-million offering last November for a Utah S&L.

Old Masters Sale:  
Testing the Market

Sotheby's will hold its first old masters auction of the new year in New York on Thursday. The auction, which is held every six months, is considered a useful price guide to art investors interested in important old masters. Broadly speaking, these can range in price from \$20,000 to \$500,000.

Strong demand by American collectors, which has helped push prices higher in recent seasons, makes the auction in the United States even more interesting to watch.

Italian works of the 14th and 15th century will be featured in this week's auction. "Madonna and Child surrounded by Virtues" by Jacop di Cione is expected to fetch between \$60,000 and \$80,000.

Of special interest will be works by 17th and 18th century Dutch masters. Paintings of 18th century Dutch artists are not as well known as those of the 17th century. Not surprisingly, they offer some exceptional quality at attractive prices.

Heidi Chin of Sotheby's Old Masters Department said that much of the 18th century work remains in good condition, an important factor in the market for old masters. "It really pays off to look at these paintings," Miss Chin said.

A still life of flowers and fruit by Jan van Os is one of the more important 18th century paintings being auctioned. Sotheby's reckons it will sell for between \$120,000 and \$160,000. For those with less expensive taste, a river landscape by Hendrick de Meyer is expected to go for \$30,000 to \$40,000.



Part of Louis-Michel van Loo's "Harpe Espagnol."

## Targeting Tokyo's Winners in 1985

By Terry Trucco

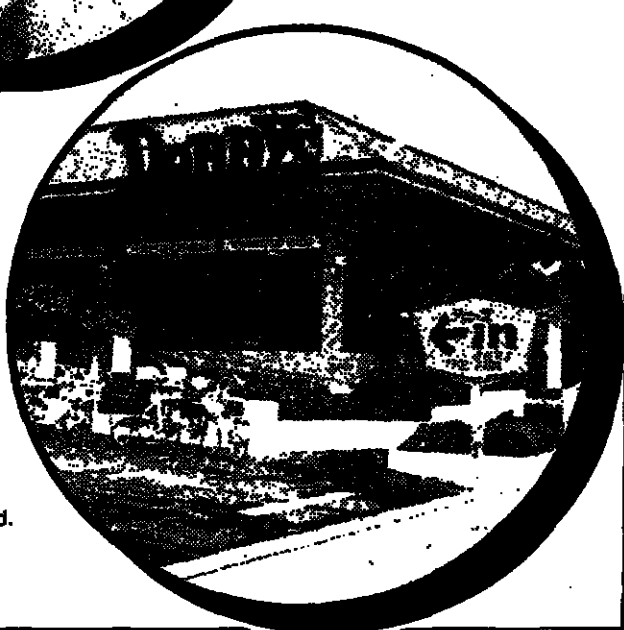
Fashionable  
Sectors in  
Japanese  
Stocks

## Financials:

Banks, insurance companies and other financial institutions, the big winners of 1984, are considered overpriced by some but still may score additional gains this year.

New  
Technologies:

Japanese stocks are high on the lists of technology-minded investors. This year, optical electronics stocks are expected to benefit from strong domestic demand for telecommunications gear.



## Retailers:

Concern that the slow-down in U.S. economic growth will squeeze Japanese exports means greater emphasis on industries likely to benefit from domestic improvements in the economy. Retailers expect gains from buoyant consumer demand.

## COMMODITIES

## Gold: Bottoming Out

By Barbara Rosen

A LONDON banker tells the story of the client who came into the bank last summer clamoring to buy gold, then trading at about \$365 an ounce. After some strenuous cajoling, the banker talked his client out of it. True, gold had fallen quite far from the heady \$800 range of four years earlier. But the point, the banker reminded him, is to buy as near to the bottom as possible, and it still wasn't clear that gold's decline had ended.

The client accepted the advice with some reluctance. Two days later, gold fell through the \$365 barrier, shedding about \$25 in a few days.

Shortly after the steep fall, the client called the banker on the telephone. "Do you think he called to thank me?" asks the banker. "Of course not. All he said was, 'now we've got to buy.'"

Such is the behavior of the fully developed goldbug. Each tick downward brings fresh conviction that the bottom is near. Unfortunately, the professional trackers of the yellow stuff are far less sanguine than the average amateur.

Gold experts hesitate to say how much further the price of gold will drop. Many have been embarrassed by past projections, and December's brief fall below the psychological barrier of \$300 an ounce has only added to the confusion about prices. Gold closed Friday in London at \$304.25 but again dipped a few cents below \$300 on New York's Commodity Exchange.

Few, however, seem to think the decline has ended. Some experts see the price dropping to \$250 an ounce or lower before finding some support. Pinpointing the bottom, however, is no easy task.

David Williamson, director of metals research for Shearson Lehman/American Express in London, believes that central banks could step in at some point if prices continue to drop. Central banks, he argues, own huge stockpiles of gold and would intervene to protect their reserve positions.

Others disagree. "I don't honestly think the central banks are as obsessed by gold holdings" as that, counters Michael Coulson, gold analyst at Phillips & Drew, the London broker. "If they do do anything in the gold market, it's merely smoothing. They don't do anything to turn the tide."

So far the U.S. and Western Europe central banks have shown no visible interest in the market and have generally waited on the sidelines.

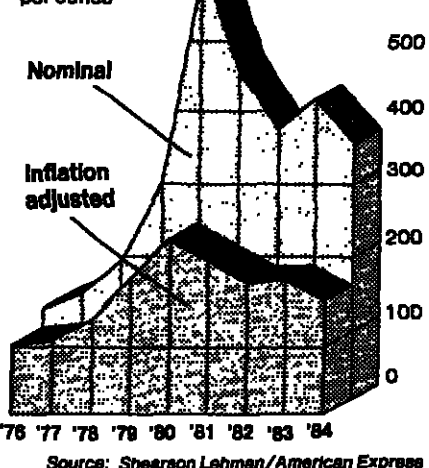
Julian Baring, a mining analyst at James Capel & Co., sees some support coming from traditional consumers among jewelry manufacturers and industrial users. That demand, however, probably will not emerge until the price falls to about \$240 to \$250 an ounce, he said. This was the price range that seemed to stir demand in 1982, Mr. Baring said.

But as goldbugs go about trying to gauge the metal's floor price, they cannot ignore the persistently bearish fundamentals. As long as inflation stays low and the dollar and interest rates in the United States stay high, there is little incentive to buy gold.

Mr. Williamson notes that the last time gold prices zoomed was in the 1970s when inflation was high and real interest rates were negative. Few

## Gold Prices

Annual average prices, in dollars per ounce



Source: Shearson Lehman/American Express

economists see a return to such an environment.

With members of the Organization of Petroleum Exporting Countries still divided, the price of oil—the culprit behind previous bouts of inflation—seems safely under control. This not only makes chances of double digit inflation low, but it has sharply curtailed the cash availability of some OPEC members, traditionally major gold buyers.

Indeed, most tangible assets like gold have been eclipsed by financial instruments that are thriving in the low inflation environment. U.S. Treasury bonds, currently yielding about 11.75 percent, offer attractive returns.

Of major concern to the gold investor is that such disincentives could persist for some time. Economists are predicting nominal U.S. interest rates of 9 to 11 percent for 1985. At the same time, inflation is not expected to climb much above 6 percent.

It is unrealistic now to expect investors to come to gold's rescue, Mr. Baring said. Gold "may look

(Continued on Page 10, Col. 3)

## Next Month

Options on stock indexes have proved one of the hottest new investment instruments. In its Feb. 11 issue, *Personal Investing* will look at how index options can be used in the individual investor's portfolio strategy. Other articles will focus on West German stocks and Swiss real estate.

*Personal Investing* is published on the second Monday of the month. Readers are urged to make the appropriate inquiries before committing funds to any investment.

On Jan. 4, the first trading day of 1985, the Tokyo Stock Exchange observed its annual opening-day rite. Led by a flock of young women in kimonos, about 3,000 traders and officials filled the cavernous exchange and clapped their hands in unison, a call for luck and prosperity in the new year.

It has rarely failed. For well over a decade the Tokyo exchange has seen extraordinary growth, fueled by a strong Japanese economy. The Nikkei-Dow Jones index of 225 stocks has risen steadily each year, bounding from 3,817.22 at the close of 1974 to 11,542.60 on the final trading day of 1984.

Such consistency has burnished the Tokyo exchange's image among foreign investors, especially Europeans, who in recent years have stepped up activities in a market once thought too difficult to analyze and understand. Foreign ownership of Japanese stock rose from 1.4 percent of the market in 1961 to 5.1 percent in 1983, and foreigners now account for some 20 percent of all trading.

But the mood around Kabutocho, as Japan's Wall Street is known, is more cautious now than a year ago. Prices are expected to climb less briskly and more erratically, though many believe the Nikkei-Dow will still hit 13,000 by the end of this year.

Instead of export-oriented blue chips leading the way, however, experts are looking at lesser known issues to contribute to the market's vitality. This will make 1985 a "fairly tricky year for investors," as one Tokyo analyst put it.

Indeed, as investors expand their search beyond the narrow field of well known blue chips, they will find themselves confronting a difficult and complex market. Its idiosyncracies range from the legendary heights of price/earnings multiples to the fairly common practices of stock manipulation and insider trading.

The high price of Japanese stocks is perhaps the most talked about phenomenon in investment circles. The high price/earnings multiples associated with Japanese stocks have long been a major deterrent for many investors. Even Japanese investors shuddered at this year's multiple for the market, which climbed to a historic high of 34.2 in December, compared with 9.9 on the New York Stock Exchange.

Experts argue that a straight reading of Japanese P/E's is misleading. Japanese companies, especially high-technology concerns, invest aggressively in new equipment, which lowers earnings and inflates P/E's. They also understate profits by reporting only the consolidated earnings of the parent company, without including the earnings of subsidiaries, as American companies do.

In fact, P/E ratios were expected to drop by 20 percent last year when a law went into effect requiring Japanese companies to include subsidiaries in earnings reports. Companies complied, but not until after parent-company figures had been published and used to determine P/E ratios in the market.

While each stock should be evaluated individually, experts say that in many cases annual potential growth in terms of consolidated earnings should ideally be slightly less than the P/E ratio. If a company's consolidated earnings are expected to grow 30 percent annually, buyers can justify a stock with a P/E multiple of 30, they say. If the price is 50 times its potential earnings, the stock is too expensive.

Analysis say a more accurate guideline in Japan might be price/cash-flow ratio, which takes depreciation into account. Such a formula will result in a substantially lower price formulas and could go a long way toward avoiding common misreading.

(Continued on Page 8, Col. 5)

## PROFILE

One Approach:  
Small Stocks

COMPARE the numbers," said Hisamichi Sawa, seated in his wood-paneled office at Prudential-Bache Securities, overlooking the Imperial Palace moat in Tokyo. The Nikkei-Dow Jones index of 225 stocks, he noted, appreciated 15.7 percent last year, but the exchange's index of 300 stocks on the "second section," the smaller, less heavily capitalized companies, showed growth of about 29 percent.

While startling for some, the figures were hardly surprising to Mr. Sawa. As director of research at Prudential-Bache for five years, he has long been a proponent of smaller stocks. And his views are even more interesting now that attention is shifting away from Japan's well-known, export-oriented stocks.

Mr. Sawa's fascination with Tokyo's second section is understandable. Price gains can be staggering. For example, shares in Fanuc, a leading maker of numerically controlled machine systems, almost tripled in price in 1983, while Taiky Electron, a major importer of semiconductor-manufacturing equipment, appreciated 98 percent.

This year, even Mr. Sawa, who holds a master degree in business administration from New York University, concedes that the outlook for the small-



Hisamichi Sawa.

er stocks is not so rosy. Many of the stocks in fashion this year are the heavily capitalized issues traded on the Tokyo exchange's first section.

Nevertheless, Mr. Sawa believes that a number of smaller issues will still do well in 1985. But an investor will have to have a sound grasp of more

(Continued on Page 8, Col. 5)

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## THE FUNDS

## Roundup of Gainers and Losers Among Mutual Funds

Mutual funds showing the highest and lowest total return for the fourth quarter, year and five years ending Dec. 31, 1984

4th QUARTER GAINERS	
G.E. L.T. Interest	+11.3%
Fidelity Select Financial	+10.7%
Composite Income	+10.4%
Vanguard Quality Div. I	+10.4%
Ohio National-Bond	+10.0%
Franklin Utilities	+9.9%
Century Shares Trust	+9.9%
Energy and Utility	+9.3%
Axe-Houghton Income	+9.1%
Copley Tax-Managed	+9.0%
LOSERS	
44 Wall Street	-26.4%
First Investors Nat. Res.	-24.6%
Sherman, Dean	-23.5%
Strategic Investments	-19.4%
Financial Portfolio-Gold	-19.3%
United Service Gold	-18.0%
Keystone Precious Met.	-16.8%
United Prospector	-16.7%
Fidelity Precious Metals	-16.5%
Vanguard Special-Gold	-16.4%

1984 GAINERS	
Prudential-Bache Utils.	+38.6%
Vanguard Quality Div. I	+25.6%
Copley Tax-Managed	+23.9%
American Tel. Income	+22.3%
Franklin Utilities	+21.4%
Energy and Utility	+21.2%
Fidelity Select Utilities	+20.9%
Fidelity Qualified Div.	+20.9%
Windsor Fund	+19.6%
Sequoia Fund	+18.6%
LOSERS	
44 Wall Street	-59.6%
44 Wall Street Equity	-38.4%
United Prospector	-36.8%
First Investors Nat. Res.	-34.8%
Strategic Investments	-34.0%
Aggressive Growth	-32.6%
First Investors Discovery	-32.4%
Hartwell Leverage	-31.6%
Sherman, Dean	-30.9%
Directors Capital	-29.9%

5-YEAR GAINERS	
Fidelity Magellan Fund	+314.2%
Lindner Dividend	+246.7%
Lindner Fund	+219.6%
Vanguard Qual. Div. I	+213.8%
Phoenix Stock	+213.3%
Phoenix Growth	+201.5%
American Capital Pace	+200.6%
United Vanguard Fund	+189.9%
Nel Growth Fund	+185.4%
Loomis-Sayles Capital	+182.9%
LOSERS	
Directors Capital	-72.3%
44 Wall Street	-51.3%
First Investors Nat. Res.	-26.9%
Deacon Income	-17.9%
Sherman, Dean	-13.9%
American Investors	-7.5%
Goldconda Investors	-6.5%
Steadman Amer. Ind.	-2.3%
Lexington Gold Fund	+0.6%
Steadman Oceanograph	+6.8%

Source: Lipper Analytical Services

The New York Times

## How U.S. Mutual Funds Fared

By Fred R. Bleakley

INVESTORS who played it safe in 1984 by buying U.S. mutual funds that emphasized dividend and interest income and conservative stocks had good reason to celebrate on New Year's Eve.

It was a year when the U.S.

economy slowed down faster than the experts expected, and company earnings in general failed to meet analyst predictions. The funds that climbed the most were those that invested in bonds and the common stock of electric utilities, regional Bell Telephone operating companies and other businesses that benefited from a decline in interest rates.

Topping the list of best-performing funds for the fourth quarter, or for the year as a whole, were the likes of General Electric Long Term Interest Fund, Prudential-Bache Utilities Fund and Vanguard Qualified Dividend Portfolio.

"You have to go pretty far down the list to find many general-purpose equity funds," said A. Mi-

chael Lipper, whose firm, Lipper Analytical Services, recently released performance rankings for 648 mutual funds. Not included in the rankings were tax-exempt or money-market mutual funds.

In fact, equity mutual funds fared more poorly, on average, than the Standard & Poor's 500 index during the last three months of last year, for the sixth consecutive quarter. The average performance of 424 stock mutual funds for the year, even with dividends reinvested, was a minus 2.09 percent, while the S&P gained 6.29.

Only one equity mutual fund that does not emphasize dividends and income made it into the tabulation of the year's 10 best funds. That was the 10th-ranked \$441-million Sequoia Fund, which had made a big bet on the stocks of food and tobacco companies, whose earnings were strong.

Two of the top 10 funds were managed by the same individual, John Neff, one of the deans of the mutual-fund business. They were the second-ranked \$115-million Vanguard Qualified Dividend Fund and the ninth-ranked \$2.4-billion Windsor Fund.

"The stocks which performed well were the safe, sane, dull and boring kind, which are exactly our type of investment," said Mr. Neff, 53, who has been managing the Windsor Fund for more than 20 years. His investments last year in both Windsor and the Qualified Dividend fund included electric utilities and the regional Bell Telephone operating companies. Both funds are part of the Vanguard Group.

The year's best performing fund, the \$96-million Prudential-Bache Utilities Fund, jumped ahead by investing in electric, non-nuclear, utility stocks and the seven Bell Telephone regional companies.

The New York Times

## Targeting Tokyo's Winners

(Continued from Page 7)

standings that crop up when trying to understand Japanese accounting methods. Using such fundamentals in selecting a stock is not always effective, however. Cases of so-called "sawtooth" stocks (Zairai-Kabu), shares pushed higher by "good stories" such as a report of a medical breakthrough or a mining discovery, are common and often lead to sharp market fluctuations.

The Tokyo market is especially susceptible to such manipulation because there are relatively few big players there. The exchange is dominated by four large and powerful investment houses — Daiwa, Yamaichi, Nikko and Nomura — that account for more than half of all stock trades. Japan's 12 other full-service brokerages are in some way affiliated with the big four, and no foreign firm has a seat on the Tokyo exchange. Only last month, Merrill Lynch's bid for a seat was rejected.

Last spring, Nomura predicted a large price increase in Hitachi stock, which happened to coincide with a new convertible bond issue that the securities firm was underwriting for Hitachi. Trading feverishly, Nomura helped lift the stock from 850 yen in January to 1,010 yen in April. The Hitachi bonds sold, Nomura pocketed its commission and a month later shares were trading at 850 yen.

Such binges are usually "not so serious," said a foreign analyst who asked not to be identified. "As long as you know what's going on you either have nothing to do with it or you take advantage of it. But you must really be switched on to what's happening and when."

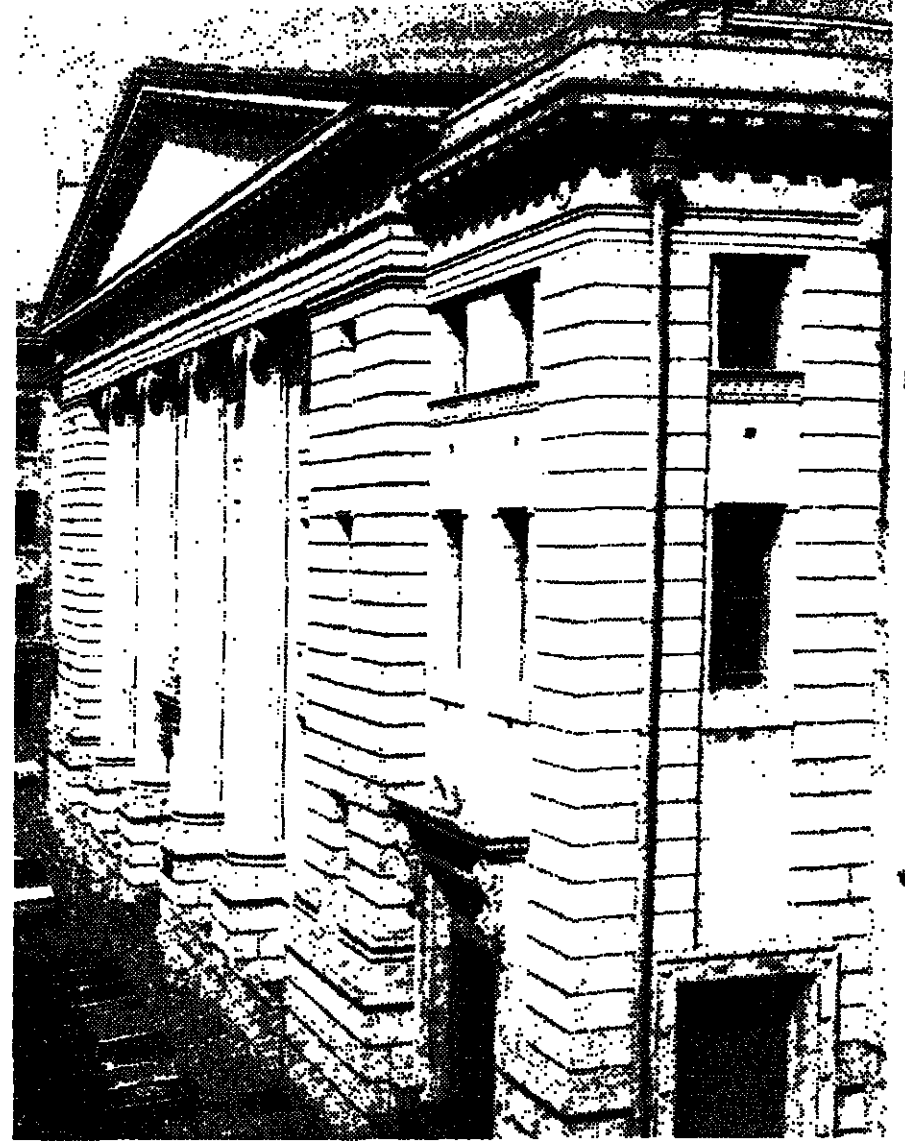
Investors are best advised to stick with fundamentals. "If you try for shares on a value basis for the long term, you can win. But to try joining speculative movements, that's not the game foreign investors should play," said Akio Mikami, a Tokyo financial adviser.

Nearly everyone agrees that investors will play a considerably more complex and cautious game in 1985 than they did last year. The American economy's slowdown is expected to further decrease export demand. At the same time, forecasters expect Japan's gross national product to expand by an inflation-adjusted 4 to 4.6 percent this year, down from 5.5 percent in 1984. Corporate profits, meanwhile, are expected to grow between 8 and 12 percent, compared with about 25 to 35 percent last year.

Many of this year's "fashion stocks" are geared to the domestic economy and fall into several broad categories — optical electronics, which stand to gain from increased use of optical fibers in Japanese telecommunications; new industrial materials, factory and office automation, biotechnology, certain deregulated industries and companies with so-called "latent assets," mostly manufacturing concerns with attractive land holdings or particularly efficient management.

Financial stocks, such as banks and insurance companies, which were 1984's surprise winners, are expected to remain stable and may rise slightly, analysts say. And if the domestic economy finally rouses itself, retail stocks, notably well managed restaurants and upscale stores, may benefit.

"Up until now you could find fast growing



The facade of the Tokyo Stock Exchange

segments in high-tech fields, but now we have a momentary standstill and must play with something else," says Tetsuhiro Miyake, manager of institutional research at Nomura Securities. "If you take the long view, fundamentals are fine. But for the short term — the next one or two years — foreign investors would do best to buy stocks favored by Japanese financial institutions."

These include banks, power companies and latent-asset companies. Such stocks tend to be harder to analyze and spot than high-growth technology companies, however.

Among Mr. Miyake's recommendations are Sumitomo Marine, an insurance company; Mitsubishi Real Estate; Sumitomo Corp., a trading company; Kansai Electric, a power company; Mitsubishi Heavy Industries, and Hi-

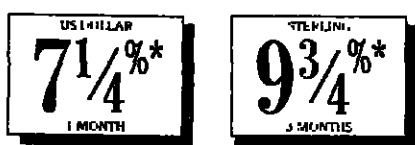
tachi Cable, which is involved in optical electronics.

Another category popular with analysts this year includes stocks that will benefit from increased Japanese exports to China. Though China accounts for only about 5 percent of Japan's total exports, these grew 16 percent last year, making China Japan's second largest market.

Among the beneficiaries are transportation machinery and consumer electronics. Companies on Prudential-Bache's China-related list include Nissan Diesel, Sanyo Electric and Nishin Transportation.

Shoji Oshima, manager of Vickers de Costa in Tokyo, lists Canon, a popular choice in the optical-electronics category, Hitachi, Nippon Electric Co. and Toa Neuroy, a refinery that could benefit from declining oil prices and efficient management.

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(Continued from Page 7)

than just routine fundamentals to play the second section.

Pitfalls abound. Prices can veer dramatically because of the comparatively small number of shares outstanding among other reasons. One of last year's top performers, Kyocera, a subsidiary of Mitsubishi Electric, went from 1,010 yen in February to 6,000 yen in October, then down to 4,300 yen in December.

"The problem is how to get out" before a plunge, says Mr. Sawa. "Smaller companies can drop fast."

Adding to the risks is the diffi-

culty of applying the usual financial measurements in valuing these stocks.

"Assets are usually very small so it's meaningless to look at the ratios of share prices to assets," Mr. Sawa says. More important for these smaller companies are their management capabilities, levels of technology and growth potential.

In general, investors should not venture into smaller stocks without some knowledge of the history of the company in question, the trading range of its stock price over the years and current market fashions.

Mr. Sawa also said that it is prudent to know if the company has links to any of the large Japanese trading groups, such as Sumitomo, Mitsu or Mitsubishi. Top officials in each group meet regularly and discuss plans and strategies for various member companies.

Last year was widely viewed as the year of the Sumitomo group, whose stocks performed particularly well. It was led by the astonishing rise of Sumitomo Bank, which climbed from 500 yen in January to 1,900 last December.

The word is that Mitsubishi

group is this year's anointed. Mr. Sawa said. Among the possible winners are such first-section issues as Mitsubishi Real Estate, Tokyo Marine and Life and Mitsubishi Warehouse. But second-section companies affiliated with Mitsubishi could benefit, too.

For many, "The Japan Company Handbook" and "Second Section Firms" have proved to be useful English-language guides to companies listed on the Tokyo exchange. Both are published by Toyo Keizai Shinposha Ltd., 1-4 Hongoku-cho, Nishinabuchi, Chuo-ku, Tokyo 103. (Telephone: 81-03-246-5470).

Aside from such trickle-down benefits, Mr. Sawa also sees potential gains in some key sectors in the second section. One positive area for 1985, Mr. Sawa said, is optical electronics.

Two potential attractions are Tayo Kudo Koji, a subsidiary of Sumitomo Electric, which does distribution-line work for telecommunication construction, and Nihon Denetsu Kyogyo, which also stands to benefit from Japan's push into fiber telecommunications.

Mr. Sawa also believes that the

current bearish talk about the second section could prove premature, especially if the U.S. economy improves sufficiently to allow exports to sustain comfortable growth. "Then the foreign investor may want to put money in the small high-tech stocks" in Japan, he said.

Another wild card that could affect the market for smaller stocks is the possibility of tighter controls on margin buying, the purchase of stock on credit using the shares as collateral. As of late December, margin position was at 2.9 trillion yen, an historic high — 2 percent of the total market capitalization.

As the ratio of margin positions to total capitalization approaches 2.5 percent "we can expect a tightening of the margin requirement," Mr. Sawa believes. The current rules allow investors to borrow up to 50 percent of the value of the shares they buy.

But the exchange may clamp down by requiring investors to put up as much as 60 or 70 percent of the purchase price of the shares. If so, investors will probably start looking for less expensive issues on the second section.

— Terry Truico

## BO DEREK'S DECOLLETAGE

Lord Tennyson's classic lines: "Ring out the old, ring in the new, ring out the false, ring in the true," have relevance even in milieus as non-poetic as Wall Street. In late July, 1982, while the DOW was dropping under 800, our analysts defied prevailing opinion, stating "THE DOW WILL TOUCH 1,000 BEFORE HITTING 1,500." On August 19, 1982, BARRON'S, in mirroring the malaise on the "Street", mused: "The market seems to be saying it's over the future and it doesn't work." The rest is history: the Bull rampaged to a January 4, 1984, high of 1266. Joseph Granville, who had, in November, 1982, envisioned the Dow "collapsing under 650" was among the prophets of doom who had behind a Maginot Line of semantics to justify their myopia.

Interest rates were high and, to the consensus, headed higher. CGR balked, stating that the Prime Rate would plunge lower than Bo Derek's décolletage. Now that the Dow has eased, the "Crowd" is crying, mesmerized by Chinese commodities and other collectibles, awaiting a fiscal Apocalypse.

The world has not willed; Visigoths have not stormed the Crazy Horse Saloon in Paris; Blue Birds are still flying over the white cliffs of Dover.

Our forthcoming report discusses why the DOW will vault over 1500; why the "Power Elite" relishes temporary, manic-depressive behavior of most investors, ultimately selling into strength, defying the Dow.

In addition, CGR focuses upon emerging equities with the dynamics to mature into prominence, as did a recently recommended "junior" oil that gushed from \$2 to \$16, before a 4-1 split, as the company discovered a major field in Texas.

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THE BOURSES  
Upbeat Not  
Sounds at  
End of '84

By Nicholas D....

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## Upbeat Note Sounds at End of '84

By Nicholas D. Kristof

IT HAS BEEN a difficult year for most major stock exchanges around the world, with Toronto and New York losing ground and minor gains on other exchanges offset by inflation and depreciation of their currencies.

There was improvement in the fourth quarter, with most exchanges registering some rise in average share prices. Because of the pickup, and the prospect of renewed economic growth in the United States and other industrialized countries, many analysts expect 1985 to be better.

The World Index, a measure of stock prices around the globe, rose about 1 percent during the year, according to David M. Gong, a vice president of the T. Rowe Price International Fund in Baltimore. Most of that gain came in the last three months, Mr. Gong said. The index is compiled by the Geneva-based Capital International Perspective.

Probably the outstanding performer of the year was the Japanese bank shares," he said, noting that some financial stocks doubled their value in the first and third quarters. Some bank stocks also did very well in West Germany.

Tokyo and Hong Kong turned in the best performance among major exchanges in the world. Hong Kong's average share prices have jumped about one-third in the last 12 months, much of that coming in the last three months after China and Britain agreed on the future of the colony. The "one-country, two-systems" policy would preserve a capitalist role in Hong Kong for 50 years after it returns to Chinese rule in 1997.

Average prices on the Tokyo Exchange — which has been one of the best performers for most of the postwar period — have risen more than one-fifth this year, bolstered by a healthy export sector and anticipation of the financial deregulation in Japan.

The exchange-rate factor was crucial this year as the dollar continued its unexpected rise against other currencies. For example, the share prices of gold mining companies in Johannesburg rose about 20 percent during the year, but the country's currency, the rand, was falling much more quickly.

Likewise, stock price indexes in London gained about 20 percent over the year, but the pound depreciated by the same amount against the dollar. On the other hand, market indexes in Australia, Singapore, Sweden and Switzerland as well as Toronto and New York lost value even in terms of their own currencies.

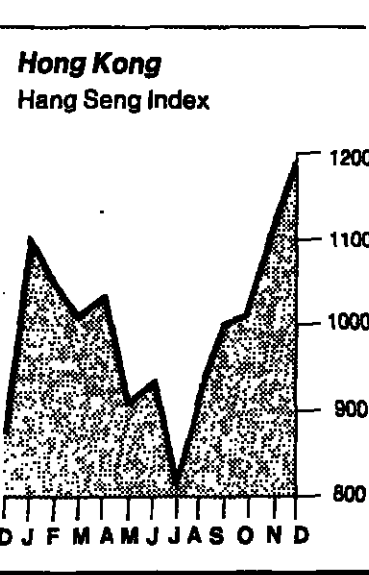
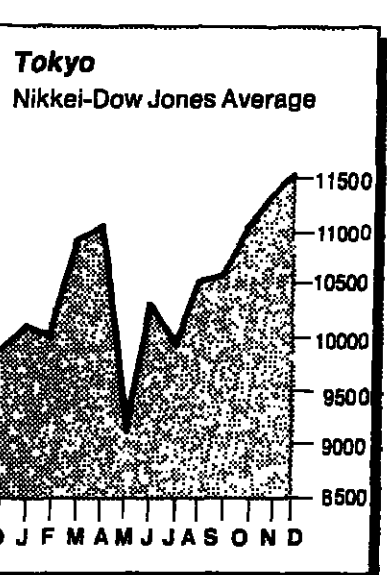
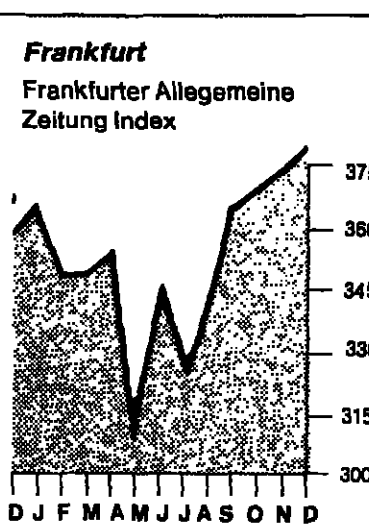
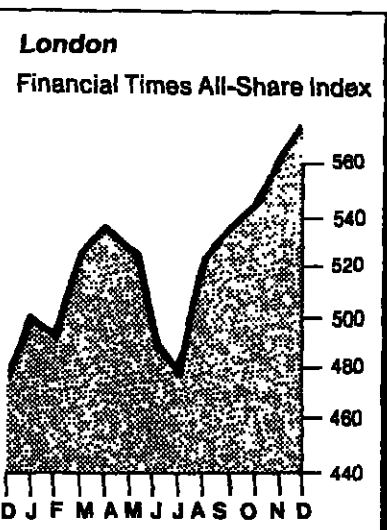
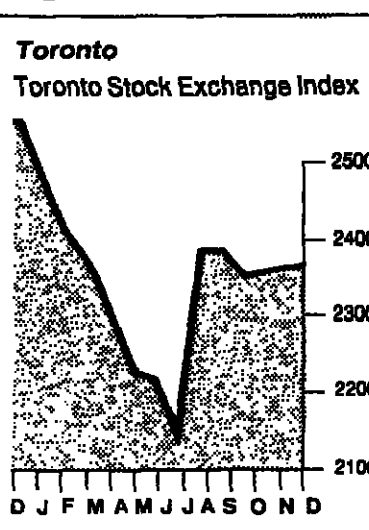
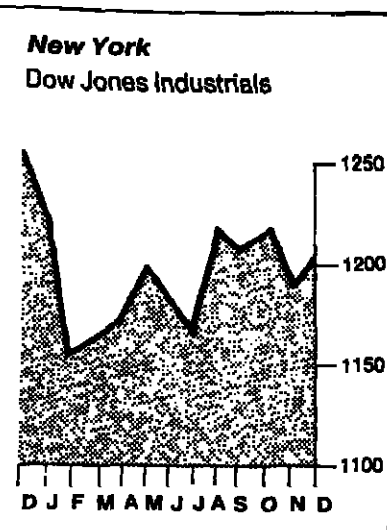
The strong dollar also had an impact within each index, for in many countries the shares that performed the best were those of companies that exported to the United States. Their depreciated currencies made their goods cheaper in the United States, and their businesses flourished.

London's market continued in good form throughout the year and put on a fine performance in the fourth quarter. The successful sale of British Telecom shares in the fall gave the market a final spurt to about 580 on the Financial Times All-Share index, up 14 percent for the year.

Toronto's Stock Exchange is stumbling badly.

## Yearly Activity on Major Stock Markets

Monthly close of selected share prices on major international stock exchanges



Slack demand for Canadian commodities such as oil, nickel and lumber has contributed to the slumping market. The overall metals index is down 23.3 percent.

Share prices on the Frankfurt Stock Exchange, West Germany's largest, staged a strong recovery in the last quarter, led by

impressive gains in the banking and insurance industries. Those gains pushed the 100-share Frankfurter Allgemeine Zeitung index to a high for the year of 377.32 on Dec. 1, from a low of 317.17 on July 2.

The New York Times

## Tracking the Newsletters

The best advice: measure return against risk

By Leonard Sloane

THE recommendations of one investment newsletter that features option-trading strategies rose 80 percent in value through the first 11 months of this year, according to one tally of newsletter performance. The recommendations of another newsletter, highlighting technology stocks, are down 49 percent. And then there are dozens of others whose records fall somewhere in between.

For more than four years, the Hulbert Financial Digest, a monthly U.S. publication, has been tracking the successes and failures of about 60 newsletters that advise individuals on how to buy and sell securities.

Its latest finding, based on results from the January-November period, is that this year has been a difficult one for the newsletter advisers. Sharp fluctuations in securities prices took a toll on many of the portfolios recommended in these letters.

One lesson, says Mark Hulbert, who edits the \$135-a-year digest from Washington, is that investors should be aware of what kind of advice they are following.

"It really is essential to be aware of the relationship between risk and return," Mr. Hulbert said. He said that in recent years, at least, investors could have opted for less risky investments than those recommended by many newsletters — and thus have made more money.

"The ironic thing," he said, "is that about half of the newsletters since 1980 have underperformed the T-bill rate."

The 60 or so newsletters that Mr. Hulbert reviews recommend about 95 investment portfolios, for which he calculates performance ratings each month. Although he uses a standard approach in making all his calculations, some of the newsletter owners — particularly those whose recommendations have fared poorly — take issue at times with his methods.

In fact, one of these disagreements flared into a court battle last February when Yale Hirsch, editor and publisher of Smart Money, charged that the Hulbert methodology is false, deceptive and misleading, and he sued for \$10 million in damages. Three months later, Mr. Hirsch brought a legal action against Dow Jones & Co. and the Chicago Tribune Syndicate, charging libel and product disparagement in their coverage of his newsletter's ratings by Mr. Hulbert. The suits are pending in federal district court in Newark, New Jersey. Mr. Hulbert has not rated Smart Money since December 1983.

Notwithstanding these methodological issues, the Hulbert Digest shows that there have been some clear winners and losers over the past year. Some option-trading strategies, for example, fared well, while technology stocks had a poor year.

Furthermore, there were few really big winners. While the top-performing letter, the Option Advisor, showed a hefty gain of 80 percent, the fifth-best record, achieved by the

## Rating the Market Performance of Investment Newsletters

Newsletter ranking based on portfolio performance of selected stocks, through Nov. 1984

Best Record		
Newsletter	Subject	Performance
The Option Advisor	Options	+80.0%
B.I. Research	Stocks	+21.7%
Systems and Forecasts	Options, Stocks, Convertible Bonds, Mutual Funds	+17.4%
The Granville Market Letter		
	Stocks, Stock Index Futures, Gold Futures	+14.9%
International Harry Schultz Letter	Stocks, Commodities, Foreign Currencies, Stock Index Futures	+8.7%
Worst Record		
California Technology Stock Letter	Stocks, Options	-49.0%
R.H.M. Survey	Warrants, Options, Low-Price Stocks	-38.5%
High Technology Growth Stocks	Stocks	-38.4%
New Issues	Initial Public Offerings	-31.8%
Value Line New Issues Service	Stocks	-28.8%

Source: Hulbert Financial Digest

The New York Times

International Harry Schultz Letter, showed a gain of only 8.7 percent.

In contrast, many of the losing strategies showed substantial declines. At the bottom of the pack, according to the Hulbert survey, was the California Technology Stock Letter, with a 49-percent decline during the January-November period. But many other funds also showed double-digit losses.

Over the same period, the Wilshire 5000 Value-Weighted Index rose 0.6 percent, the Standard & Poor's 500 Index increased 3.5 percent and the Dow Jones industrial average fell 1.3 percent. In all three cases, dividends are assumed to have been reinvested monthly.

Bernard G. Schaeffer, executive director of the Investment Research Institute of Cincinnati, which publishes the Option Advisor, said the best results were achieved by his newsletter's conservative portfolio. This portfolio takes advantage of spreading, a strategy that involves the simultaneous purchase and sale of various calls and puts. A call is an option to buy a specified amount of a stock at a specified price, while a put is an option to sell stock in the same way.

THE "market action over the past six months, even through the August explosion, has been in a sideways trading range pattern," he added. "Spreading strategies are designed to do very well during moderate movements in the market. We target for a particular objective and when we reach it, we close out the position."

Another winner that used sophisticated options strategies was Systems and Forecasts.

published by the Signal Corp. of Great Neck, New York. Gerald Appel, president of the company, said that he prefers selling, rather than buying, options because it has mathematical benefits.

AS FOR the five best-performing newsletter writers in the Hulbert computation was Joseph E. Granville, president of the Granville Market Letter of Kansas City, Missouri. Mr. Granville attributes his newsletter's successful performance in 1984 to a short-term mechanical barometer based on volume measurements that he created.

"From the ashes I built a new image, a new foundation," he asserted, referring to his widely publicized bearish predictions in 1982 in the teeth of the bull market that developed in August of that year. "Joe Granville is secondary to the indicator that tells the move."

But even with the barometer, Mr. Granville was still a bear on the stock market last year. "We've been notably short between January and July," he said. "We went long in late July, went short again in August and have been generally short since August."

As for the poor performance of technology portfolios, Bud Anderson, editor of High Technology Growth Stocks of Maynard, Massachusetts, a newsletter among the bottom five in the Hulbert rankings, explained the problem this way: "It's not that the companies we follow are not growing, it's that the price/earnings ratio has contracted. The problem with the group is that they tend to go up too far and go down too far."

The New York Times

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Yen Deposit	Yen 51500	5.27
Sw.Fr. Dep.	Sfr. 5,073	3.80
N. American	\$ 1,103	0.50
Japan	\$ 1,122	0.60
Pacific Basin	\$ 1,113	0.60
Intl. Growth	\$ 0.99	0.60
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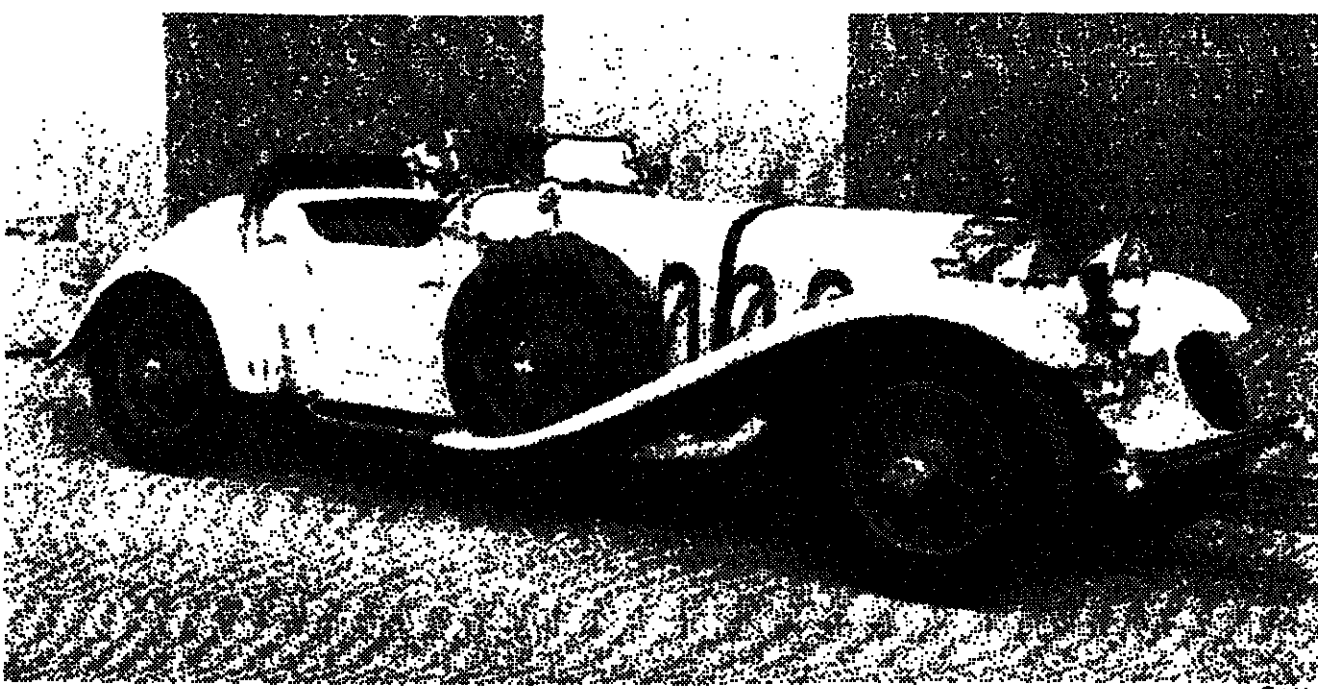
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## SOMETHING DIFFERENT



This 1929 Mercedes SS 38/250 was auctioned in 1979 for \$320,000.

## The Four Wheels of Fortune

By Lynne Curry

**J**EFFREY Tydir-James spends most of his working hours looking after the 200 beef cattle on his farm. But after work, he is often to be found in his farmyard garage, tending his collection of antique cars, which includes a 1929 Rolls Royce and two Bentleys.

Mr. Tydir-James, a Welshman who invests only in British-made cars, has a simple reason for his hobby. "It's our national heritage. I've always admired the spirit of the old boys who built the cars and the way they raced them."

But antique automobiles have other compensations. "These cars are fun, fellowship and they beat inflation," said Michael Worthington-Williams, auto consultant to Sotheby's, the auction house.

Whatever the attraction, sales of

antique cars are booming. In December, an American collector paid £270,600 (about \$325,000) at Sotheby's for a green 1930 vintage Bentley coupe, which became famous when it raced a train from Monte Carlo to London in 1931—and won. It was the highest price ever paid for a European car at auction.

Three months earlier, a 1936 Duesenberg brought \$800,000 in Reno, Nevada, making it the most expensive car ever auctioned. The Duesenberg was part of the collection of the millionaire casino proprietor, Bill Harrah, who is thought to have owned about 1,400 historic cars when he died in 1978.

Though the numbers sound attractive, buying antique cars is not a safe or cheap investment. An investor buying a \$100,000 car can often double his money in less

than five years, but costs can quickly eat up the gain.

The expenses include storage, often in temperature-controlled garages, insurance, repairs and restoration. According to Mr. Brooks, restoration cost alone can exceed the value of cars at the lower end of the market. For example, he said, an investor may pay £15,000 to £20,000 to restore the vehicle, even though its actual market value is only around £12,000.

"If you are investing, the return is in terms of pleasure," said Robert Brooks, director of vintage cars at Christie's, the auction house. "Don't expect 10 to 20 percent a year."

Changing fashions can affect the antique-car market. In recent years, for example, racing cars have become increasingly popular and demand now outstrips supply. The result, according to Mr. Brooks, is that a 1956 single-seater Maserati 250F driven in many races was sold for £2,500 to £3,000 in the mid-1960s. Today, because of its distinguished racing history, it is worth about £120,000 to £130,000.

The best sellers at the top of the market, experts said, are the Rolls Royces, Bentleys, Dusenbergs, Bugattis, Alfa Romeos, Mercedes, Delages, Hispano-Suizas, Isotta-Fraschinis and Napiers. Virtually any historic racing car with an interesting background could be

added to the list, according to Sotheby's Mr. Worthington-Williams.

Over the years, certain cars have performed particularly well. Mr. Brooks added, notably the Type 35 Bugatti. Made in the 1920s, its earliest price was £350 to £400. Today, it can bring £100,000.

Nonetheless, Mr. Brooks said that Rolls-Royces remain Christie's best-selling car. A large number from the 1930s have survived because relatively few were used in military service during World War II. Moreover, it retains its reputation as the best-made car in the world, and over the years those who have owned Rolls-Royces have generally kept them in good condition.

Over the last five years the rate of price increases for antique cars has eased, Mr. Brooks said. During 1981-82, when the recession began to bite, car sales and some prices actually fell. Within the last 18 months, however, the market has stabilized with prices and sales equaling if not surpassing the 1980 level.

"Confidence is back in the market," said Malcolm Barber, Sotheby's director of vintage and veteran cars.

But for the true car buff, it's the pleasure principle, not prices, that count. "You can't drive stocks and bonds," a Texas architect said recently while shopping for antique cars at Sotheby's in London. □

## Gold's Prospects

(Continued from Page 7)

cheap to an American, but it doesn't look cheap to me."

Even political turmoil, that old standby that traditionally had driven prices higher, seems to have lost its sway. Since the Soviet intervention in Afghanistan, gold prices have failed to rise significantly in reaction to conflicts around the globe.

The Iran-Iraq war is a good example. Some experts contend that the conflict has actually put pres-

sure on gold prices because there is concern that the participants may be forced to sell assets to finance the continuing struggle.

Adding to the somber outlook is the prospect of an increase in supply that could easily swamp a modest upswing in demand. Large numbers of gold mines are continuing to come on stream, pushing Western gold production up by a further 7.7 percent in 1983, compared with a 6.25-percent rise in 1984, according to a forecast by the London firm Grievson Grant.

Although some producers were trying to shore up prices by cutting production this year, it is doubtful that the reduction will be big enough to reverse gold's slide. Moreover, major producers such as South Africa are unlikely to cut production as long as the dollar remains strong. Although the price of gold may be low in dollar terms, the decline in the value of currencies such as the rand keeps domestic profits up.

In addition, some observers believe that the Soviet Union, which has sold only moderate amounts of its gold reserves over the past few years, may increase its sales to generate foreign currency.

For all these reasons investors should exercise restraint. A sudden leap in gold prices does not signal that all the bearish factors have suddenly faded away.

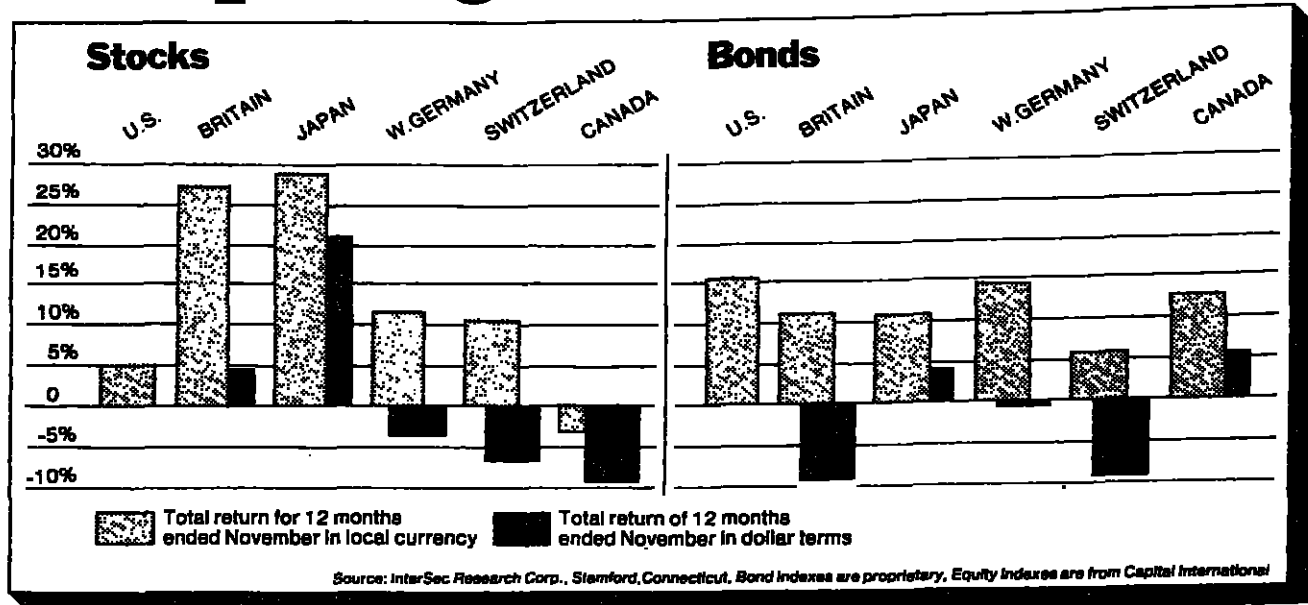
"Joe Public can afford to miss the first 5 percent" of any rally, advises Mark Wood, a mining analyst with Grievson Grant. Adds Mr. Coulson: "In the immediate term, I'd steer well clear of it."

For those who feel compelled to buy, Mr. Williamson urges them to "nibble at the price at these levels, but not make any real commitment."

"I think gold has a future," he said, but "one can't prove it." Gold demand has been around for a long time, he said. "I'm not prepared to write off several thousands of years of history at the drop of a hat right now." □

## CHART TALK

## Comparing Total Returns



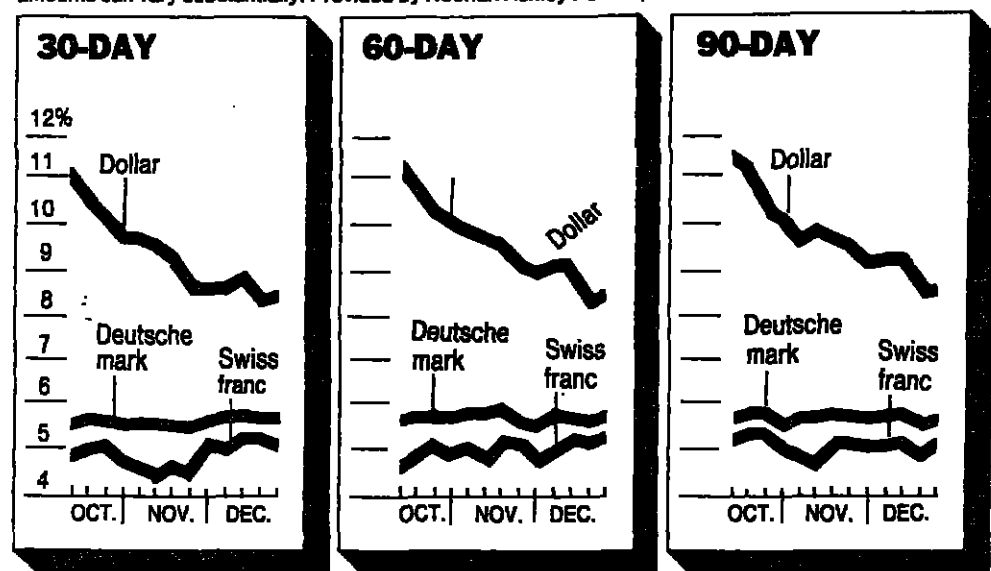
Total return is a measure of performance that reflects both changes in the prices of securities and the income they provide, either in dividends or interest. It can be used as a gauge of the relative attractiveness among markets.

As such, it is not adjusted for inflation or local taxes. Gains and losses were measured by comparing market indexes at the end of November with their levels a year earlier. The chart does not take into account variations in the markets during the 12-month period.

The biggest shift in November took place in Canada. Total return on stocks in the 12 months to November was a negative 9 percent, compared with a negative 1 percent in October. □

## Eurocurrency Deposit Rates

Interbank rates on deposits of \$1 million or equivalent. Quotes offered on smaller amounts can vary substantially. Provided by Noonan Ashley Pearce, New York.



## December's Leaders and Laggards

## Gainers and Losers

The stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in December.

GAINERS		LOSERS	
Percent Gain	Dec. 31 Price	Percent Loss	Dec. 31 Price
<b>New York Stock Exchange:</b>			
Compiled by Media General Financial Services. Prices in dollars			
American Agromonics	57 2.75	Storage Technology	28 2.25
Scovill	45 39.25	Commodore Int'l	27 16.38
Republic Gypsum	43 18.75	Houston Oil Royalty	26 9.88
Gifford-Hill	41 24.38	Union Carbide	25 36.75
Financial Corp.	33 3.50	Nutri/System	24 5.50
Cordura	30 22.88	Equimark	23 4.13
Greatwest Hospitals	28 13.88	Wackenhut	23 17.00
Comdisco	27 11.13	Allis-Chalmers	22 5.88
Belding Heminway	27 17.25	L.E. Myers Group	21 4.25
Danaher	24 7.00	Montana Power	21 19.25
<b>American Stock Exchange:</b>			
Compiled by Capital International. Prices in pence			
Computer Consoles	56 11.88	Heizer	67 2.63
PEC International	39 11.25	Swanton	30 4.75
Eb Lavud Ltd.	37 34.38	G.I. Export	27 6.50
Interco	34 8.38	Restaurant Assoc.	26 5.88
Jensen Industries	33 15.00	Gates Learjet	25 11.88
<b>Over the Counter:</b>			
Ragen	81 5.88	Alamo Savings	53 11.00
ATE Enterprises	71 6.00	Eastmet	44 4.25
Bitco	65 11.13	Sooner Federal Savings	39 16.50
Widcom	59 7.75	Ultrasystems	39 10.00
Electronic Modules	52 17.88	Kaypro	39 2.00
<b>London Stock Exchange:</b>			
Compiled by Capital International. Prices in pence			
British Telecom	111 106	Ultrasystems	11 213
Powell Duffryn	37 445	Lucas Industries	10 255
Arthur Guinness	34 243	Barrat Developments	9 80
Hansen Trust	23 343	Lasmo	8 323
Ranks Hovis McDougall	21 138	Racal Electronics	7 200
Charterhouse Rothschild	19 105	Ferranti	6 282
Mitsui Trust	19 167	Lesc Services	5 288
Kansai Electric	29 1,580	Tricentol	5 193
Daiwa Bank	28 498	Hepworth Ceramic	5 144
Kyowa Bank	28 480		
Asahi Chemical	27 738		
<b>Tokyo Stock Exchange:</b>			
Compiled by Capital International. Prices in yen			
Sumitomo Trust	58 842	Toho	22 10,750
Yamanouchi Pharm.	53 2,730	Nippon Gakki	14 1,300
Hokkaido Takushoku Bank	42 498	Daiichi Sanyaku	13 1,850
Mitsubishi Trust	40 690	Shokusan Jutaku Sogo	13 224
Tokyo Electric Power	33 1,800	Hoya	11 2,160
Mitsui Trust	31 649	Ikemura Foods	11 478
Kansai Electric	29 1,580	Taiyo Fishery	11 238
Daiwa Bank	28 498	Ono Pharmaceutical	10 6,910
Kyowa Bank	28 480	Gakken	10 1,440
Asahi Chemical	27 738	Daitoku	8 780

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during December, closing at 11,542.6.

Banks were generally favored, thanks to industry deregulation plans announced by the Finance Ministry. These include easing restrictions on some international activities. Also helping the sector was a decision to allow certain bank issues to begin trading on margin in December.

Sumitomo, which is now making plans to enter the international arena, was the biggest gainer. Hokkaido Takushoku Bank and Mitsubishi Trust also benefited. Yamanouchi Pharmaceutical, which will begin marketing a new anti-ulcer drug in 1985, was the second biggest winner.

Toho, the biggest gainer in November, was last month's biggest loser. One of Japan's four major motion picture companies, Toho attracted buyers in November with rumors of hidden real estate assets. Last month, the market became skeptical of the reports, sending the stock price sharply lower.

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# International Bond Prices - Week of Jan. 10

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Prices may vary according to market conditions and other factors.

Security	%	Mkt	Yld	Vol	Am	Security	%	Mkt	Yld	Vol	Am	Security	%	Mkt	Yld	Vol	Am
(Continued from Page 6)																	
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12 1/2% New	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2% New	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2% New	12 1/2	12 1/2	12 1/2	12 1/2	12 1/2
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## New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield at offer	Price end week	Terms
<b>FLOATING RATE NOTES</b>							
Citicorp Person-to-Person	\$250	1997	1/4	100	—	—	Over 3-month Libor. Minimum coupon 5/8%. First callable at par after 1989. Denominations \$10,000. Fees 0.40%.
National Bank of Hungary	\$100	2000	1/4	100	—	—	Over 6-month Libor. Redeemable at par after 1993, 1995 and 1997. Holder's option to convert into a 3-yr floating rate note paying 1/4% over 6-month Libor and to convert back into original note. Fees 1.8%.
Union de Banques Arabes et Françaises	\$100	1995	1/4	100	—	—	Over 6-month Libor. Minimum coupon 5/8%. Callable at par on any interest payment date after 1988. Redeemable at par after 1992. Denominations \$10,000. Fees 1.05%.
<b>FIXED-COUPON</b>							
Austria	\$200	1995	11 1/4	98 1/2	11.47	—	Noncallable. \$115 million issued now and \$85 million reserved for an 8-month top.
Banque Indosuez	\$100	1992	11 1/4	100	11 1/4	—	Noncallable.
Boise Cascade	\$50	1992	12	100	12	—	First callable at 101 in 1991.
Chugoku Electric Power	\$50	1992	10 1/4	100	10 1/4	—	—
Citicorp	\$100	1992	11 1/4	99 1/4	11.80	—	Noncallable.
Denmark	\$100	1992	11 1/4	100 1/4	11.45	—	Noncallable.
Esportfinans	\$100	1992	11 1/4	100	11 1/4	—	Noncallable.
Federated Department Stores	\$100	1990	11	100	11	—	Noncallable.
Ford Credit	\$100	1990	11 1/4	99 1/4	11.41	—	Noncallable.
Ford Credit	\$100	1995	12	99 1/4	12.07	—	First callable at 100 1/4 in 1992 and at par in 1993.
General Electric Credit Corp	\$200	1990	10 1/4	99.675	10.46	—	First callable at par after 1989.
IBJ	\$100	1992	10 1/4	100	10 1/4	—	Noncallable.
IBJ	\$100	1995	10 1/4	100	10 1/4	—	Noncallable.
IBM	\$300	2000	10 1/4	100	10 1/4	—	Holder's option to fix coupon at end of interest period in 1989. Extendable to year 2000.
New England Life	\$59.73	1992	11 1/4	100	11 1/4	—	First callable at 102 in 1991. Sinking fund to start in 1986 to produce a 4.2-yr average life.
New England Life	\$149.1	1995	11 1/4	100	11 1/4	—	First callable at 102 in 1990. Sinking fund to start in 1990, 1994 and 1995 to produce a 9.2-yr average life.
New England Life	\$89.85	1990	zero	20.40	12.02	—	Noncallable.
Nippon Telegraph and Telephone Public Corp	\$100	1992	10 1/4	100	10 1/4	—	Noncallable.
Orient Finance	\$50	1992	11	100	11	—	Noncallable.
Sumitomo Corp	\$100	1992	10 1/4	100	10 1/4	—	Noncallable.
Swedish Export Credit Corp	\$100	1988	10 1/4	100 1/4	10.70	—	Holder's option to fix coupon at end of interest period in 1988. Extendable to year 1994.
Tenneco	\$150	1989	11 1/4	100	11 1/4	—	Noncallable.
World Bank	\$300	1992	11	99 1/4	11.11	—	Noncallable.
CEPWE	DM200	1997	7 1/4	99 1/4	7.31	—	Noncallable.
Copenhagen	DM150	1995	7 1/4	100	7 1/4	—	Redeemable at par in 1991.
ECSC	DM94	1993	7 1/4	100	7 1/4	—	Redeemable at par in 1989.
Finland	DM200	1992	7	100	7	—	Redeemable at 102 in 1990 and at 101 in 1991.
Ireland	DM200	1995	7 1/4	100	7 1/4	—	Noncallable.
Banca Nazionale dell'Agricoltura	ECU50	1992	10	open	—	—	Callable at 100% after 1991. Price to be set Jan. 22.
Banque Française de Commerce Extérieur	ECU100	1992	9 1/4	100	9 1/4	—	Noncallable.
Banque Française de Commerce Extérieur	ECU75	1995	9 1/4	100	9 1/4	—	Callable at 100% in 1992.
Primary Industry Bank of Australia	ECU50	1992	9 1/4	100 1/4	10.30	—	Noncallable.
American Medical Int'l	\$40	1995	11 1/4	100	11 1/4	—	Noncallable.
Australian Resources Development Bank	C\$50	1992	11 1/4	100	11 1/4	—	Noncallable.
Denmark	C\$100	1991	11 1/4	100 1/4	11.57	—	Noncallable.
Nova Scotia	C\$100	1995	11 1/4	100 1/4	—	—	—
Quebec City	C\$45	2000	11 1/4	100 1/4	11.47	—	Callable at par after 1992. Retractable at holder's option in 1992.
Zentralsparkasse	C\$50	1995	11 1/4	100	11 1/4	—	Noncallable.
ITT	DR\$100	1990	7	99 1/4	7.12	—	Redeemable in 1990.
EDF	¥20,000	1995	6 1/4	100	6 1/4	—	Noncallable.
Intel	¥12,500	1992	6 1/4	99 1/4	6.70	—	First callable at par in 1990.
<b>WARRANTS</b>							
Philbro-Solomon	\$0.20	1986	—	\$55	—	—	Each warrant is exercisable at par into a \$1,000 note of U.S. Treasury's noncallable 11% of 1994.
Philbro-Solomon	\$0.20	1987	—	\$67.50	—	—	Each warrant is exercisable at par into a \$1,000 note of U.S. Treasury's noncallable 11% of 1994.
<b>EQUITY-LINKED</b>							
Osaka Transformer	\$20	1990	open	100	—	—	Coupon indicated at 8 1/4%. Noncallable. Warrant exercisable into company's shares at an anticipated 25% premium. Terms to be set Jan. 18.
Tokyo Corp	\$40	1990	open	100	—	—	Coupon indicated at 8 1/4%. Noncallable. Warrant exercisable into company's shares at an anticipated 25% premium. Terms to be set Jan. 18.
Yamato Kogyo	\$30	1990	open	100	—	—	Coupon indicated at 8 1/4%. Noncallable. Warrant exercisable into company's shares at an anticipated 25% premium. Terms to be set Jan. 16.

## Debt Market in Pacific, Asia Grew Little in '84

**HONG KONG**—The syndicated-loan market in Asia showed almost no growth last year and is unlikely to expand in 1985, a survey by Asian Finance magazine said.

But use of other credit instru-

## SYNDICATED LOANS

ments, such as Eurobonds, yen bonds and floating-rate notes is growing, the monthly publication said.

In interviews, bankers said many borrowers, already wary of large debt problems, particularly in Latin America, are increasingly looking to negotiable instruments as a means of providing finance.

Asia Banking, another publication, said borrowers in the Asia-Pacific region raised \$15.6 billion through offshore syndicated loans in 1984 compared with \$15.5 billion in 1983.

But customers in the region raised \$13.2 billion through Eurobonds and yen bonds last year, up from \$10.3 billion in 1983.

Asia Banking said regional borrowers raised \$3.29 billion through FRNs last year compared with \$2.24 billion in 1983.

"This year borrowers will seek other ways to raise credits besides syndicated loans," said Colin Willis, regional foreign exchange and treasury manager for the Banque Indosuez.

As borrowers seek credits with greater flexibility, note-issuing facilities are likely to be among the

more widely used instruments, other bankers said.

A \$150-million, five-year Euro-note facility for Korea Exchange Bank, signed in December by a group of 18 institutions, is one instrument that has attracted attention.

The facility gives underwriters an option to convert their underwriting commitment to a FRN after two years.

The report said Australia and New Zealand, major borrowers in the past, are likely to be among those turning away from conventional syndicated loans.

Bankers said they expect little borrowing this year from Indonesia and Malaysia, which have large, unused credits obtained in 1984.

They said South Korea, which led the survey's list of syndicated-loan customers in 1984, will be a major customer for syndications. The survey said South Korea accounted for \$3.97 billion in syndications, followed by Australia with \$3.18 billion.

## Pemex Reports a Fall in Debt

**MEXICO CITY**—The foreign debt of Mexico's national oil company, Petróleos Mexicanos, or Pemex, has been reduced to about \$16.5 billion from \$20 billion two years ago, the company's director-general, Mario Ramón Beteta, said Saturday.

## Saturn Car Is GM Gamble

(Continued from Page 11)

for 32 percent of all auto sales in the United States in 1984.

For the Americans, the problem is that Japanese automakers build quality small cars at a unit price that is \$1,500 to \$2,000 less than comparable models built by their U.S. competitors.

"If American car companies can't find a way to get their costs down, and if the import gates open up, you can kiss domestic small-car production good-bye," said one U.S. auto industry official who requested anonymity.

GM has been accused of doing just that.

In its quest for a yearly supply of 1 million, high-quality small cars, GM has entered a joint venture with Japan's Toyota Motor Corp. to produce up to 250,000 subcompacts a year in Fremont, California.

GM also planned to import up to 300,000 small cars a year from its Japanese partners, Suzuki Motor Co. and Isuzu Motors Ltd. But those import plans have been set aside by the quotas.

GM's only homegrown small-car lines are the practically identical, 10-year-old Chevrolet Chevette and Pontiac 1000, a total of 207,400 of which were sold last year.

Mr. Smith repeatedly has denied that GM is abandoning small-car production in the United States. He says his company needs the imports and the joint-venture cars to fill in the gap in its small-car lineup until the Saturns start rolling.

## Prices Drop On Fear Over Lower M-1

By Kenneth N. Gilpin  
New York Times Service  
**NEW YORK**—Continued concern over the U.S. money supply sent bond prices sinking for the second consecutive session Friday, in light trading.

Credit-market participants said that the sell-off, which was more pronounced in the long end of the maturity range, had primarily been prompted by continued concern over Thursday's money supply re-

port from the Federal Reserve Board.

That report showed that the nation's basic money supply, M-1, which measures cash in circulation and money in readily available checking accounts, continued to grow strongly in December. The increase amounted to 10.7 percent, even with a decline of \$500 million in the final week of 1984.

In the view of many analysts, that report showed that economic activity is picking up steam, all but eliminating the possibility of further easing by the Fed anytime soon.

Traders shrugged off a report Friday that showed that inflation as measured by the Producer Price Index registered a small 0.1-percent gain in December.

However, prices were affected by the news that Americans had taken on a hefty \$7.95-billion more in installment debt than they had paid off in November—another sign of economic resurgence.

Much of the day's decline was in longer maturities.

In secondary trading of government securities, the price of the Treasury's bellwether 30-year issue, the 11 1/4% of 2014, declined by more than half a point for the second consecutive day, to a close of 100 29/32 to yield 11.64 percent.

Meanwhile, the government's 20-year bond, the 11 1/4% of 2004, fell by 18/32, and ended the day at 98 23/32 to yield 11.79 percent.

## U.S. Consumer Rates

For Week Ended Jan. 11

Passbook Savings	5.50 %
Tax Exempt Bonds	9.60 %
Money Market Funds	8.21 %
Bank Money Market Accounts	8.26 %
Home Mortgage	13.82 %
FHLB average	

## Issues Flood Euromarket

(Continued from Page 11)

pressing at the frontiers of these new markets.

The issue was another in the growing list of products that are designed with a particular type of end user in mind.

But for the general market participant, it was a source of some confusion.

"I first heard them described as nonsense," a trader in London said of the warrant issue, "and that turned me off from buying them. I'm not sure I understand them."

He said that while they might be good investments, there was rarely a good secondary market for such products.

"There's lots of beautiful things you can do with warrants, but the idea of using them as a hedge breaks down if you are reliant on being able to take the hedge off," he said noting that warrants are not always easy to sell.

## London Exchange To Set Rules Soon For New Members

**LONDON**—The ruling council of the London Stock Exchange expects to publish suggested rules for the entry of new member firms in the next few weeks, an exchange statement said.

The exchange has appointed a committee under its deputy chairman, Patrick Milford-Slade, to supervise the introduction of new information, settlement and surveillance systems.

The new framework will be needed to cope with the advent of negotiated commission rates and dealing systems due by the end of 1986.

Market sources said the exchange council had debated its new entry rules last week.

A rash of merger initiatives between exchange firms and outside financial interests has lent urgency to the establishment of clear-cut regulations.

## Gold Options

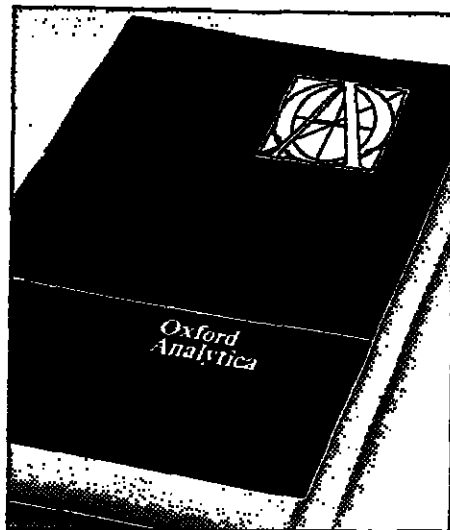
From	To	May	Aug.
200	225.00/25	275.00/25	275.00/25
300	225.00/25	275.00/25	275.00/25
400	225.00/25	275.00/25	275.00/25
500	225.00/25	275.00/25	275.00/25
600	225.00/25	275.00/25	275.00/25
700	225.00/25	275.00/25	275.00/25
800	225.00/25	275.00/25	275.00/25
900	225.00/25	275.00/25	275.00/25
1000	225.00/25	275.00/25	275.00/25

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The Daily South

(Continued on Page 15)

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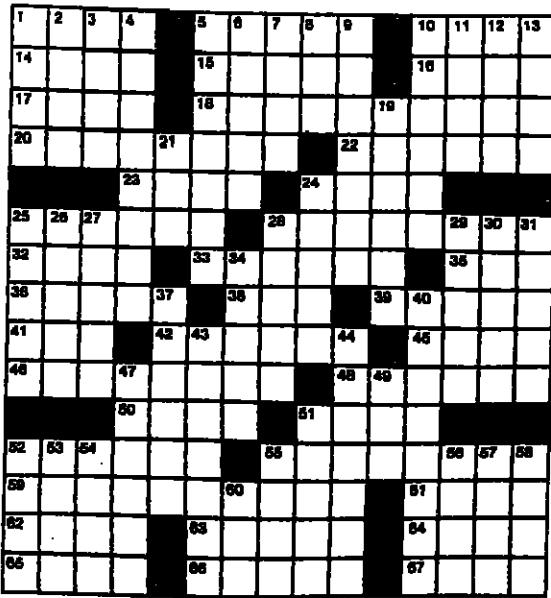
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35 Old horse  
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38 Cheer in Cuenavaca  
39 Low point  
41 Goddess of dawn  
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46 Plausible  
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50 Other  
51 Evergreen  
52 Queen Anne's lace, e.g.

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7 Trampled  
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11 Ear part  
12 Factory  
13 God of war  
19 Brainstorm  
21 Resinous substance  
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25 Pan's appeturments  
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27 "To a—"  
28 Burns poem  
29 A southern constellation  
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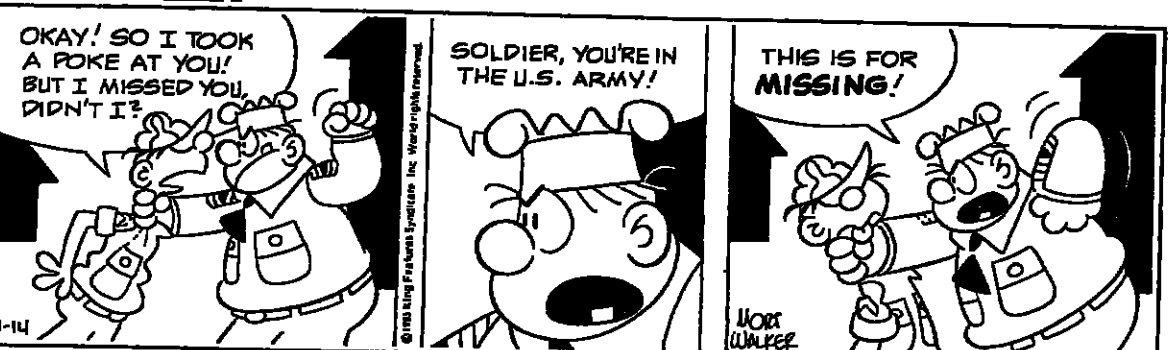
PEANUTS



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BETTY BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

HALCK  
PEWID  
OBNIBB  
YORRAM

THE MODEL DECIDED TO MARRY THE ARTIST BECAUSE SHE WAS THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: \_\_\_\_\_ TO \_\_\_\_\_

Friday's Jumbles: LOUSE SPURN ARTERY DEADLY  
Answer: People who always do as they please are not likely to do this—PLEASE

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Albania	12	8	Bangkok	32	28
Austria	10	6	Hong Kong	28	24
Belgium	12	8	Manila	30	26
Denmark	14	10	New Delhi	32	28
France	16	12	Singapore	30	26
Germany	14	10	Taipei	32	28
Greece	18	14	Tokyo	30	26
Ireland	12	8			
Italy	16	12			
Japan	14	10			
Latvia	10	6			
Lithuania	12	8			
Netherlands	14	10			
Norway	10	6			
Poland	12	8			
Portugal	14	10			
Romania	12	8			
Sweden	10	6			
Switzerland	12	8			
Turkey	14	10			
USSR	12	8			
Yugoslavia	14	10			

**MIDDLE EAST**  
Amman 12/8  
Baghdad 14/10  
Beirut 16/12  
Damascus 12/8  
Jerusalem 14/10  
Tel Aviv 16/12

**OCEANIA**  
Auckland 12/8  
Brisbane 14/10  
Sydney 16/12  
Wellington 12/8

MONDAY'S FORECAST - CHANNEL: Very cloudy, FRANKFURT: Snow, 2-4 (3-5); PARIS: Fog becoming cloudy, 7-9 (10-12); LONDON: 2-4 (3-5); OVERCAST, TEMPE: 4-10 (5-11); NEW YORK: 3-9 (4-10); PHOENIX: 4-10 (5-11); LOS ANGELES: 5-11 (6-12); SAN FRANCISCO: 4-10 (5-11); SEATTLE: 4-10 (5-11); SINGAPORE: 74-82 (75-83); TOKYO: Cloudy, 57-63 (58-64); SYDNEY: 57-63 (58-64); WELLINGTON: 45-55 (46-56).

BOOKS

WAGNERISM IN EUROPEAN CULTURE AND POLITICS

Edited by David C. Large and William Weber. 361 pp. \$34.50 hard cover, \$14.95 paperback. Cornell University Press, 124 Roberts Place, Ithaca, N. Y. 14850.

Reviewed by D. J. R. Bruckner

In 1914, the Italian futurist F. T. Marinetti cried: "Down with the tango and 'Paris-fall'!" So much for Futurism. The tango has come back in Europe, and Wagner never went away. It is interesting that in Italy, of all places, Wagner's operas were so dominant 30 years after the composer's death that avant-gardists needed to protest. In Russia, a much more fertile ground for Wagnerism, the critic Sergei Durylin resigned himself to it in 1913: "Not to want to hear Wagner is possible, but not to hear him is impossible."

Wagner's music and ideas entered Russia late, but they fired artistic revolutions—and political ones. If George Bernard Shaw could interpret the Ring cycle as socialist opera, Anatoli Lunacharsky and Vsevolod Meyerhold, drawing on Wagner's ideas for popular theater in the new Soviet Union in the '20s, saw the master of Bayreuth as the artistic proto-communist. After all, had he not been with Bakunin on the barricades in Dresden in 1848? They did not know that, while they talked, Wagner's family was entertaining Adolf Hitler in Bayreuth, tutoring him in polite conversation and table manners to make him presentable to the rich of Germany.

The Hitler connection has clouded the study of Wagner for 30 years. Historians routinely refer to the spirit of Wagner as the soul of the Reich, and Wagner enthusiasts have generally followed the lead of his English biographer Ernest Newman, who, as Anne Dzamba Sessa says, "battled to focus criticism on Wagner's music, not his ideas, in order to save it from friends and foes alike." It is time to redress the balance, and the six cultural and social historians who wrote the essays in this volume have laid out fascinating lines of inquiry.

It was Wagner's thought that made his music acceptable in his time, not the other way round. Franz Liszt is often said to have been the great advertiser of Wagnerism, and he certainly did more than anyone to promote Wagner's music in Germany in the 1850s while Wagner was in exile after his participation in the abortive Dresden revolution.

But Wagner was his own greatest publicist. He was also smart; he first assaulted the world capital of culture. From 1840 to 1842 he wrote 20 articles for the Revue et Gazette Musicale de Paris, which were amplified by Hector Berlioz in the Journal des Debats. George Sand wrote about him; Gerard de Nerval celebrated the world premiere of "Lohengrin" in extravagant essays. Champfleury and Baudelaire raised the Wagnerian flag as the ensign of the advance troops of art.

In 1860, among the artistic and social elite who flocked to meet Wagner in Paris were Gounod, Saint-Saens, and Gustave Doré. The cult was to continue to draw "those in the arts who were attempting to break with tradition," as Gerald D. Turbow puts it here, for another 30 years, along with many who had great influence on political thought; "no cultural movement had such a vital and varied impact as did Wagnerism."

The ideas—about art, politics, religion, everything—in Wagner's books and articles are often vague, sometimes contradictory. But they came at the right time and may have been all the more influential for their vagueness; many people could appropriate them. William Weber in this volume explains their impact on the musical world in an essay tracing the changes in taste in the early 19th century when musical snobs successfully instituted "a kind of classically minded philistinism" that resisted new styles.

The musical elite of the time had turned concert halls into cold pantheons, insisting that only the cultivated could appreciate the masters. As a result, in the repertory of the Gewandhaus Orchestra in Wagner's hometown, Leipzig, for instance, 13 percent of the pieces in 1781-85 were by dead masters; by 1850-55 the percentage was 61. In 1850 Wagner's powerful tract, "The Art-Work of the Future," with its search for a Volk music and its insistence that art—the total work of art encompassing all arts—was for everyone, pulverized the temple of high culture.

The writers of this volume do not avoid the Hitler connection. Many of Wagner's prejudices, including his anti-Semitism, fit Hitler's program, and the Bayreuth high priesthood established by Cosima Wagner and her children made that fit perfect. But this exploratory examination of the extraordinary wave of Wagnerism that washed over Europe for generations is a salutary undertaking. It is rich in suggestions and insights and, while the essays are a bit uneven, most are very good reading.

D. J. R. Bruckner is on the staff of The New York Times.

BRIDGE

By Alan Truscott

NEW methods of signaling, however sensible, take a long time to gain acceptance. One example is the upside-down method, in which a high card is discouraging. This is now finding favor among experts some 30 years after it was introduced in Europe.

Another is the Smith Echo, invented by I. G. Smith of England more than two decades ago. It allows the defenders to indicate their attitude to the suit first led by a signal in the suit played by the declarer.

A good example is the diagrammed deal. The defenders were using "attitude leads against no-trump in which a small card shows enthusiasm for the suit. The eight of clubs

from West suggested tolerance rather than eagerness.

South captured the club king with the ace, no doubt regretting that he had not reached a spade contract. Four rounds of hearts were played, and on the first of them East made a significant signal by playing the ten. This was "Smith," and showed a positive attitude to the original suit, clubs.

When West gained the lead at the fifth trick with the spade ace, he felt safe in leading the club queen followed by the ten. Lacking the jack, East would not have shown a liking for clubs.

Now East was able to overtake with the club jack and shift to the diamond queen. South guessed right by duck-

ing twice, but after three rounds of diamonds West was able to lead the club five to his partner's seven. Now East scored his last diamond, scoring 200 and collecting almost all the match-points.

NORTH			
♠	J853		
♥	AJ3		
♦	864		
♣	864		
WEST			
♠	A84		
♥	Q75		
♦	A2		
♣	Q1085		
SOUTH (D)			
♠	KQ76		
♥	Q832		
♦	K53		
♣	A2		

Both sides were vulnerable. The bidding: South 1NT, West Pass, North Pass, East Pass. West led the club eight.

SPORTS BRIEFS

Stadler Rallies to Lead Hope Golf by Stroke

PALM SPRINGS, California (AP)—Craig Stadler rallied for a 69 that gave him a 21-under-par total of 267 and a one-stroke lead after Saturday's fourth round of the five-day Bob Hope Classic golf tournament, which is played over four courses. Playing at Tamarisk, Stadler had to shoot a back-nine 33 to hang on to a lead that was three strokes at the close of Friday's second round.

Lenny Wadkins came from four shots back with a 6-under 66 at Indian Wells that left him in second place at 268. Larry Mize (a 68 at Tamarisk) and Ron Streck (a 70 at Bermuda Dunes) were in third with 271. Chip Beck and Ed Fiori, with scores of 69 each at La Quinta, were next at 274.

On Friday, Stadler had tied the course record at Bermuda Dunes with an 8-under 64. Streck had dropped 15-foot birdie puts on his last three holes Friday for a 66.

Two Late TDs Help South Win Senior Bowl

MOBILE, Alabama (UPI)—Quarterback Damon Allen of Cal State-Fullerton threw two touchdown passes in the closing minutes Saturday to lead the South to a 23-7 victory over the North in the 36th annual Senior Bowl, the first professional appearance for 71 college seniors.

The South trailed, 7-6, until all-America placekicker Kevin Butler kicked his third field goal of the game with 10:34 left to play. Then the South pulled away as Allen, younger brother of former Heisman Trophy winner and Los Angeles Raider running back Marcus Allen, threw 45 yards to Paul Ott Carruth of Alabama for a TD and 10 yards to Joe Jones of Virginia Tech for another score.

The North mounted its lone scoring drive of the game in the second quarter, quarterback Paul Borne of Pacific throwing an 8-yard TD pass to Stacy Robinson of North Dakota State to cap a 68-yard march and give the North the lead.

In Yokohama, Japan, on Sunday, Ron Pitts of UCLA intercepted a desperation pass by Ohio State quarterback Mike Tomczak and returned it 99 yards for a touchdown with 1:41 left to play, giving the West a 28-14 victory over the East in college football's 10th annual Japan Bowl game. Heisman Trophy winner Doug Flutie of Boston College finished with 14 completions in 25 attempts and 208 yards for the losers. Flutie was intercepted once.

Decker Responds to Criticism Over Budd

LOS ANGELES (AP)—Mary Decker, responding to recent criticism from U.S. Olympic teammates Ruth Wysocki and Steve Scott, said Friday she doesn't have any reason to apologize to Zola Budd, with whom she had a controversial collision in the 1,500-meter final at the Games last August.

Wysocki, who will face Decker in her first race since the incident in a 2,000-meter race at an indoor meet Friday in Los Angeles, said last week she felt Decker owed Budd an apology for blaming the British athlete for the collision. Added Wysocki: "Some of us are relieved that the public now knows the Mary we all know." Decker responded that "my reactions following the Olympics were completely natural, human and what I felt."

Scott was quoted as calling Decker "a baby" and "spoiled," but Decker said Scott called her coach to say "his statements were taken out of context. I don't know what Steve said. I haven't talked to him."

Decker said injuries sustained in the fall kept her from working out for nearly two months, but that she's feeling stronger than ever and expects to run well this year.

Champion but No Hero, Lewis Looks Back

By Ira Berkow

NEW YORK—Carl Lewis came in from the cold Friday morning wearing a black hip-length mink coat, black leather pants and a white shirt with a thin black tie. The Carl Lewis seen on television last summer during the Olympics was less sartorially resplendent. That man cavorted in red shorts and a red USA undershirt. Today's is and is not the same Carl Lewis who at age 23 in Los Angeles tied Jesse Owens's mark by winning four track and field gold medals—and did it amid cheers but also boos.

As Lewis, here to receive yet another award for sports excellence, sat down for breakfast in the St. Regis Hotel, the captain, Desmond, appeared at his side. "I'll take your order," said Desmond. "But first I want to congratulate you." Lewis smiled and shook the gentleman's hand. The waiter bent lower and in almost a whisper said, "And I think all the pressure put on you was unfair."

"Thank you," said Lewis. "I appreciate that."

Down to business now, Desmond reported that the eggs Benedict was the house specialty, but that the French toast was being sneezed at either. Lewis, though, politely opted for the fruit cup and hot tea with lemon.

When the waiter departed, Lewis, who had just arrived from his home in Houston, said yes, he gets a lot of people telling him he had been treated unkindly by some of the press and some of the fans. He said he felt the same way.

He said he had been unjustly accused of being "aloof" and "arrogant." One controversy was stoked when he chose not to stay in the Olympic Village. "That was a double standard," he said. "Most of the track and field gold medal



Olympic victor Carl Lewis

"All those people were terrific, and deserved all the accolades they got," he said. "They were basically new, even Edwin Moses, who hadn't been in the public eye that much—they were different. I had been Mr. Olympics since '81, and for the most part it was all on my shoulders. Then when '84 came, it was like, 'You've gotten us here, now goodbye.'"

He understands that he did not become the national hero that moved people the way Jesse Owens had.

"Maybe that will come," said Lewis. "Jesse was my hero, but you know, for a lot of people, he wasn't a major, major personality until about five years ago, when people began to recall his exploits in 1936. I mean, he came back from Berlin, Olympics and the president didn't even shake his hand."

For Owens, though, there were tape parades. There were none for Lewis.

He remains in training, stays thin, at 6 feet 2 inches and 175 pounds (79.3 kilograms), and is planning to compete in four indoor meets this winter. He plans to compete in summer meets, and is certain of at least two more years of athletics. He is undecided about the 1988 Olympics in South Korea.

His other great interest is in becoming an actor. He takes acting lessons at the Warren Robertson studio here and accepted a supporting role in a movie scheduled to be shot in a few months. "I make a statement in it against drugs and the wild life," he said.

"I'm very religious and spiritual and wouldn't take a role that has cursing and that kind of thing. I know it's hard to get movies that don't have that nowadays."

"But maybe," he said, with a smile, "we can bring back Mary Poppins."



## SPORTS

## McEnroe Thrashes Lendl in Final



Ivan Lendl

Compiled by Our Staff From Dispatches  
NEW YORK — In command of every shot in his explosive arsenal, John McEnroe dominated Ivan Lendl here Sunday to win his second consecutive Masters tennis championship, 7-5, 6-0, 6-4.

The victory was worth \$100,000 to the top-seeded New York left-hander. Lendl, seeded third in the exclusive 12-player field, earned \$60,000.

It was the third consecutive year that McEnroe and Lendl have met

## MASTERS TENNIS

in the final of the season-ending tournament and the second year in a row that he has beaten the Czech right-hander in a straight-sets final. McEnroe was brilliant. Lendl, who had ousted second-seeded Jimmy Connors in Saturday's semifinals, didn't play poorly. But he was up against the world's top-ranked player, and McEnroe played that way.

"I felt I could do anything I wanted with the ball," said McEnroe, who won 11 consecutive games after a victory that completed his 1984 campaign at 82-3. "For a 10-game stretch, I played as well or better than I ever played in my life."

Despite the blowout, the opening

set was tightly contested, each man holding serve through the first 10 games. McEnroe then gambled in the 11th game, attacking the net on Lendl's first serve. It paid off with the only break of the set on a crisp cross-court service return.

Lendl had two break points in the 12th game—his only two of the set—but McEnroe held. McEnroe then raced through the next eight games, carrying him to 2-0 in the third set.

During the final game of the opening set, McEnroe, in a pent-up mood, almost knocked himself out of the lead. A fortunate net cord at set point allowed Lendl to reach deuce, and as McEnroe was preparing to serve again he suddenly stopped and screamed to a photographer: "Shut up." Then, juggling the ball on his racket to settle his nerves, he bounced the ball into his right eye. McEnroe required a three-minute injury time-out for treatment, and when he resumed playing he survived two break points to end the set.

"I've hit myself before, but it never hurt as much as that," said McEnroe, who said the injury actually "helped me concentrate a little more—I got me even more into the match. When I got back into play I felt fine."

Except for that 12th game Lendl had only one more break point, that coming in the second game of the second set. In the final set McEnroe conceded only three points of his serve. "When he gets ahead he plays better," Lendl said.

The match was over in an hour and 55 minutes, including 61 minutes for the first set. McEnroe

served 11 aces—seven in the opening set—on Lendl's two.

"He played very well," said Lendl said. "I have seen him, unfortunately, playing well too many times. If this was the best, I can't tell." McEnroe holds a 12-9 lifetime edge.

For McEnroe, the path to the final was smooth and uncluttered. Lendl's road was full of potholes. Each got there with an extremely satisfying semifinal victory Saturday, but the triumphs could not have been more different.

McEnroe registered an overpowering 6-1, 6-1 decision over Sweden Mats Wilander, the man who had beaten him in straight sets in last month's Davis Cup final. McEnroe needed exactly one hour to win.

Next up were Lendl and Connors (in quarterfinal play late Friday, Lendl had ousted Joakim Nystrom, 6-4, 7-6, while Connors had downed Eliot Teltscher, 6-2, 6-4).

For three hours two rivals who make no secret of their dislike for each other twisted and turned, punched and counterpunched, before Lendl prevailed at last, 7-5, 6-7 (7-5), 7-5.

The finish was remarkable: Having blown a match point in the second set, lost the tie-breaker and fallen behind, 5-2, in the decisive set, Lendl seemed ready to add to his list of famous folds.

Instead, with Connors serving for the match at 5-3, 30-15, Lendl got a couple of breaks on Connors' errors—and went on to take five straight games (15 of the next 17 points) and the match.

"No, I didn't get tired," said Connors, 32. "I made a couple of mistakes at 5-3 and then he just

started going for everything. He just went for it on every ball and the shots went in. He's not exactly known for gutsy play at the end of close matches."

Maybe not, but if anyone folded it was Connors. He led the last set by 4-1 with Lendl serving at 0-30 and couldn't win. He led, 5-2, and served for the match at 5-3; he even had a volley in that game that would have put him at match point. But he didn't win. Lendl came to life and started spraying winners all over the court. The key game was the ninth when, at 30-15, Connors missed a chip volley.

At 30-40, Lendl broke with a gorgeous backhand crosscourt to trail, 4-5. He held serve at love and then broke Connors again with a forehand winner down the line. Rejuvenated, Lendl held serve, Connors punching a backhand long on match point.

"I think he got tired," Lendl said. "Even in the game at 4-2 which he won, I felt like he was getting tired. He was coming to net more and cheating on his footwork. I was just hoping he wouldn't come back because he has done that to me before."

Connors nearly did it again. After blowing a 4-1 lead in the second set, he faced match point while serving at 4-5 but survived it when Lendl netted a forehand pass with the court wide-open for him.

Lendl then whined his way through the tie-breaker, complaining about calls and the crowd. Both men repeatedly failed to take advantage of breaks. There was suspense throughout, but not much great tennis. Connors made 36 unforced errors and hit only 25 win-



John McEnroe

ners. Lendl made 23 errors and hit only 18 winners.

Lendl said victory was sweet because he did not think Connors had treated him well after beating him at Wimbledon last year. "He didn't act sportsmanlike," Lendl said.

If Lendl-Connors was a fight in which neither fighter could find a finishing punch, McEnroe-Wi-

lander was a lightning-fast knockout.

McEnroe had Wilander in trouble from the beginning. In the only two games Wilander won, he had to survive a break point to do so. While serving, McEnroe never faced so much as a deuce and lost a total of nine points.

(AP, UPI, WP)

## Zürbruggen Is Victor on Injured Knee; Girardelli and Figini Take Cup Events

Compiled by Our Staff From Dispatches  
KITZBUHEL, Austria — Pirmin Zürbruggen won his second World Cup downhill race in two days here Saturday but suffered an injury that doctors say will knock him out of competition for at least a week.

The 21-year-old Swiss (amed the Streif Course for the second time in 24 hours by turning in a blistering 2 minutes, 6.95 seconds. But the cup

points leader injured his left knee in the final stage of his descent. "It didn't stop me until I tried to get my skis off," Zürbruggen said. "I couldn't straighten the knee." Zürbruggen is certain to miss Tuesday's giant slalom at Adelboden, Switzerland and next weekend's downhill at Wengen.

Marc Girardelli took advantage of Zürbruggen's absence to win his third slalom of the cup season here Sunday, while in Pfronten, West Germany, Swiss Olympic champion Michel Figini earned her fourth straight cup victory by winning a giant slalom on the fast, icy Breitenberg course.

The Austrian-born Girardelli, racing for Luxembourg, climbed to within 14 points of overall leader Zürbruggen. Starting third after the morning run down a 59-gate Hahnenkam course, Girardelli came through with a perfect afternoon effort. His aggregate time was 4:40.68 — 18 one-hundredths of a second faster than Italian Oswald Totsch.

Yugoslav Bojan Križaj, leading after the first leg, slipped to third with a 1:41.05 clocking after a series of mistakes through the 63 afternoon gates on a course that dropped 180 meters (590 feet). Kri-

zaj knew his second run hurt him. "There are four dangerous points on this course," he said. "On my first run I managed them all. On the second, I made mistakes near the top and near the bottom."

Girardelli said he couldn't have won had that not been the case. "Bojan made an error in the upper part of the course," he said. "Otherwise I wouldn't have been able to touch him. But I had a good second run — I attacked."

Figini, clocked 1:23.13 through the 33-gate, 1,630-meter course, which had a vertical drop of 440 meters. Marina Kiehl of West Germany, Swiss Olympic champion, followed by Maria Walliser of Switzerland in 1:24.01. Figini collected 25 points for her victory, increasing her lead in the overall standings with 165 points.

"The new year brought me luck," said Figini, who after a poor start on the circuit rallied after the Christmas break. She won a slalom in Yugoslavia and then went on to take two downhill in two days in Austria earlier last week.

In Saturday's downhill here, American Bill Johnson failed for the third time this season to live up to his Olympic gold-medal performance, turning in the day's 31st-best time. But he was disqualified for missing the last gate just before the finishing schuss. "I made a mistake on the switchback curve before the compression," said the 24-year-old Californian. "I hit the compression too fast and got off line. I didn't come out of my tuck soon enough, either."

Brooker said his third-place finish ended a drought extending to the 1983 season, when he won here and at Aspen, Colorado. "I was more out of control today than yesterday, but I liked it a lot more," Brooker said. "It feels great to finally get a good result."

Franz Heinzer and Swiss compatriot Peter Müller placed fifth and sixth, followed by Austrian Peter Wirsberger and three other Swiss — Conrard Cathomen, Daniel Maier and Bruno Kern.

Andreas Wendt of Liechtenstein, the 1980 overall champion, managed one point with a 15th-

place finish Saturday and is third overall at 117.

The Streif again proved to be too much for last year's winner, Franz Klammer. The Austrian placed 11th, saying he had a bad run "from top to bottom."

The 1976 Olympic champion had lost a ski six seconds into Friday's downhill and said that weighed on his mind Saturday.

"I did the best I could. I would have loved to have won, but my mistakes cost me," he said. "I'm going home and have a beer. It's just what I need."

(UPI, AP)



Pirmin Zürbruggen, winning in pain as he tried to put weight on his left knee after winning Saturday's downhill.

## Penguins Stop Oilers

The Associated Press  
PITTSBURGH — The sellout crowd came to see Wayne Gretzky for the Edmonton Oilers, but the Pittsburgh Penguins' goalie, Denis Herron, stole the show.

Herron stopped 45 shots and

NHL FOCUS

Mario Lemieux and Troy Loney each scored two goals to lead the Penguins to a 4-3 National Hockey League victory over the Oilers on Saturday night.

Elsewhere it was Boston 4, Detroit 3; New Jersey 5, Washington 3; the New York Islanders 5, Philadelphia 3; Buffalo 1, Montreal 1; Minnesota 3, Hartford 4; the New York Rangers 4, St. Louis 4; the Los Angeles Kings 6, Winnipeg 4. In Friday's only game, Quebec beat Calgary, 4-0.

Herron, making only his third start in the past 12 games, faced 48 shots and succeeded in shutting out Gretzky, who was looking for his 400th NHL goal.

"Without question, that was the best game a goaltender has had against us," Gretzky said. "We played a solid game that might have been our best effort on this trip. We had chances, but Herron stopped them."

"Denis was absolutely spectacular," said Pittsburgh Coach Bob Berry. "What can you say? Whatever they did, they were equal to the task."

Herron credited his teammates for helping to close down the high-scoring Oilers.

"Gretzky is always behind the net, so you have to be careful," he said. "Our guys went at him right away. The defensemen did a good job. They gave me a chance to make the saves."

Gretzky assisted on all three Edmonton goals to raise his league-leading point total to 121.

"The victory was the Penguins' 17th this season, one more than they had in all of last season. They equaled their 1983-84 point total with 38.

## Free, as 6th Man, Tallies 32 To Lead Cavaliers Past Bulls

Los Angeles Times Service  
RICHFIELD, Ohio — When the Cleveland Cavaliers won only two of their first 21 games, it was time for drastic measures. Coach George Karl came up with a gem of an idea.

He made World B. Free his sixth man. Although the sharpshooting guard has moaned and groaned

about the move, it may be the reason the Cavaliers have become a representative team instead of a pushover.

Free came off the bench Saturday night and delighted the crowd by leading the Cavaliers to a 101-98 victory over the Chicago Bulls. It was Cleveland's fourth victory in five games.

Free scored 32 points, including seven in a row early in the fourth quarter that gave the Cavaliers the lead for good.

Elsewhere in the NBA, it was Indiana 100, New York 95; Boston 119, Atlanta 111; Phoenix 103, Philadelphia 115; Houston 108; Chicago 113, New York 97; Los Angeles Lakers 121, Dallas 102; Portland 123, San Antonio 103; Los Angeles

Clippers 98, Phoenix 84; Milwaukee 130, Cleveland 117; and Denver 143, Kansas City 121.

Since Karl made Free his first man off the bench, the Cavaliers have won eight of 12 games and have been a tough team to beat. Free, a 10-year pro, was slow to adjust to his new role. But, in the past five games, he has averaged 24.4 and the Cavaliers have started to roll.

"I never thought I would be coming off the bench again. I'm not looking for any Sixth Man Award," Free said. "The last time I was a sub was in Philadelphia under Billy Cunningham, who is from North Carolina. And here I am coming off the bench again for another North Carolina guy. What's wrong with those guys?"

In his previous nine seasons with five NBA teams, Free averaged 21.3 points. In his 12 games as the Cavaliers' sixth man, he is averaging 21.9.

"I may never be happy coming off the bench," Free said. "but I'm happy with the way we are going. We are tired of people talking about us. Everyone is accepting his role."

Michael Jordan led the Bulls with 24 points. His desperate bid for a three-point basket to tie the game hit the back rim and bounced off at the buzzer.

## Transition

BASEBALL  
CALIFORNIA — The return of the Red Sox infielder, Volodya Ryzhov, to the team, was a surprise. He had been out of the team for a long time.

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## SCOREBOARD

## Basketball

## Selected U.S. College Scores

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## NBA Standings

## EASTERN CONFERENCE

Atlantic Division  
Boston 22, 14, 8, 2, 1  
Philadelphia 21, 13, 9, 3, 1  
New York 20, 12, 10, 4, 1  
New Jersey 19, 11, 11, 5, 1  
Washington 18, 10, 12, 6, 1

Central Division  
Milwaukee 21, 13, 9, 3, 1  
Chicago 20, 12, 10, 4, 1  
Indiana 19, 11, 11, 5, 1  
Cleveland 18, 10, 12, 6, 1  
Detroit 17, 9, 13, 7, 1

Pacific Division  
L.A. Lakers 21, 13, 9, 3, 1  
Phoenix 20, 12, 10, 4, 1  
Portland 19, 11, 11, 5, 1  
San Antonio 18, 10, 12, 6, 1  
Golden State 17, 9, 13, 7, 1

FRIDAY'S RESULTS  
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Boston 64, Philadelphia 62  
New York 64, New Jersey 62  
Washington 64, Atlanta 62

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New York



## LANGUAGE

## Restoring Restaurateur

By William Safire  
WASHINGTON — "As a restaurateur," begins a letter from Gregory Dawson, proprietor of the Bullwink, a cabaret-restaurant in New York. That stopped me: shouldn't there be an "s" in restaurateur?

No. The word is French, and means more than just "a person who runs a restaurant"; it means "one who restores."

"What do Ed Koch, Johnny Carson and Jack Klugman have in common?" writes Robert Eck of Chicago, who devotes a portion of his life to tracking down spelling mistakes. "They all assume there is an 's' in restaurateur. There isn't. They also assume that 'cris' is correctly said as 'or'."

Because most people pronounce restaurateur as *rest-oh-ree-oor*, the spelling could vary. An 's' may be added, but the *or* will remain.

That's because there are 21 words in English that have the *or* suffix, and they are doing fine the way they are. *Grandeur* was used in Reagan's rambling summation in debate. *Auteur*, which used to mean "author," is now a word for "movie director," used by people who go to films rather than movies. The modern populist hero is the *entrepreneur*, dressed in shirt-sleeves and putting aside all *hauteur*, hoping one day to become a *conglomerate*.

"In English," ruminates Sol Steinmetz of Barnhart Books, "the *or* is not a productive suffix — that is, it does not produce new words in English but is always borrowing from the French. Like *liquesur* in 1729 and *migraineur* in 1971."

What will happen to restaurateur? "It will probably pick up an 's' in our dictionaries," he tells us. "The people, not the lexicographers, write the language."

DOROTHY Reynolds of New York wrote recently to complain of a picture caption in The New York Times that read "a sunny day with crisp temperatures."

"Crisp! What is wrong with crisp?"

The Latin *crispus* meant "curled"; that meaning is preserved in *crunchies*, like potato chips, which are called *crisps* in Britain; the English use *chips* to

denote what Americans call *fries*, which are usually too soggy to rate the term *crisp*.

Snow and frost curl around landscapes and windows, and the cold can curl your fingers and toes: one sense of *crisp* transferred to the weather, perhaps influenced by *brisk*, and *crisp* came to mean *bracing*.

*Crisp* is a splendid word, blessed with a great etymological pedigree: the word's sound helps evoke its meaning. *Crispy* is an isy-ism. It's OK to say *crunchy*, because the imitative noun, *crunch*, needs a *y* to turn it into an adjective, but *crisp* is an adjective that later was used by English potato-chip makers as a noun.

One of the senses of *crisp* is *short*; surely this adjective needs no lengthening. Stick with *crisp*.

WHEN the dry-cleaning man pulls his spotless truck up to my back door, I like to hand out my wrinkled pants with the order, "Give this a full-court press."

Full-court press is a basketball term, meaning "a tactic in which defenders closely guard the opposing team man-to-man the full length of the court." The object is to force a mistake or steal the ball by disrupting the normal offensive game, and the phrase has been taken into the general language, meaning "all-out effort."

Forbes magazine recently wrote about tax proposals, including the one urged by Senator Bill Bradley, a New Jersey Democrat, a former basketball star, in this way: "No-body expects anything serious to happen until next January. And then we could have a full-court boogie over tax reforms."

Mitch Krauss of Newark writes to ask: "Is there a half-tilt or partial-tilt boogie?"

Malcolm Forbes, whose letterhead reads "Chairman & Chief Executive Officer" as well as "Editor-in-Chief" (must be the boss), sends along this internal memo to him explaining the phrase: "Full-court boogie is an all-out dance to rock music, which roughly translates into an all-out effort. Apparently was a song title some years back."

I like it. We'll soon see if the cleaning man understands.

New York Times Service

## Joseph Rauh: Recharging the Batteries

By David E. Rosenbaum  
New York Times Service

WASHINGTON — Fifty years ago, Joseph L. Rauh Jr. came to Washington, in his words, "work for the New Deal." He has been doing it ever since.

"There was a spirit in 1935 that has never come again," Rauh said the other day, reflecting on his years here. "You had to be in it to believe it. The idealism was so great. We had night secretaries. We would work all night. We thought we were saving the country, and, you know, I think we really were."

Many of his peers from those days have become "neoliberals" or even outright conservatives. Rauh has not done that.

Many used their government connections to become wealthy. Rauh never did that either.

And most are now dead or retired. In contrast, at 74, Joe Rauh is practicing law full time, suing the Central Intelligence Agency, lobbying in Congress for compensation for Japanese-Americans who were interned in World War II, defending the civil liberties of a congressman caught up in Abscam, speaking out for business and affirmative action, and devoting himself to the causes — some popular, most not — that have been his life.

A list of those causes reads like an anthology of American liberalism. In the 1930s he was law clerk to Justice Benjamin N. Cardozo and Felix Frankfurter on the Supreme Court and counsel to several of the alphabet agencies of the New Deal.

In the 1940s, after serving on General Douglas MacArthur's staff in the Pacific, he was an organizer of Americans for Democratic Action and a principal author of the historic civil rights plank in the 1948 Democratic platform.

By the 1950s he had become the country's best-known civil liberties lawyer, a sworn enemy of McCarthyism, and his clients included the playwrights Lillian Hellman and Arthur Miller and Walter Reuther's United Auto Workers.

In the 1960s, Rauh represented the Mississippi Freedom Democratic Party and the leadership Conference on Civil Rights. He



Rauh: "We thought we were saving the country."

pounded the halls of Congress, incessantly, without pay, and it was said that the Civil Rights Act of 1964, the Voting Rights Act of 1965 and the Fair Housing Act of 1968 would never have been enacted without him.

His most prominent client in the 1970s was Joseph A. Yablonski, who challenged W. A. Boyle's leadership of the United Mine Workers. After Yablonski, his wife and their daughter were found slain, Rauh forced a federal investigation that concluded that the deaths had been instigated by the union leadership.

"Other people may have made more money," Rauh said, looking back at his career. "But no one has had more fun."

And it is the fun that Joe Rauh likes to talk about. Like the time in 1957 when Arthur Miller, who was then married to Marilyn Monroe, was on trial for contempt of Congress for refusing to identify for the House Un-American Activities Committee writers he knew to be Communists.

"He called me up the day before the trial was going to begin,"

Rauh recalled, "and said, 'What am I going to do with my wife? She can't stay in a hotel. They would tear her apart.'"

"I said, 'Why don't you stay with us? I remember going home that night and saying to Carl (one of his sons, now a criminal trial lawyer here), who was then 16, 'You've got to go to the station tomorrow and pick up Marilyn Monroe.' You can't imagine his expression."

She stayed two weeks, and afterward, Rauh relates, when a reporter asked what it was like having Marilyn Monroe around the house, Carl replied, "It isn't quite like living with your brother."

Five years earlier, Rauh had represented Lillian Hellman when she was subpoenaed by the Un-American Activities Committee. In "Scoundrel Time," her book about that era, Hellman wrote: "I liked Rauh. Shrewdness seldom goes with an open nature, but in his case it does and the nice, unbuttoned, rugged, crinkly face gives one confidence about the mind above it."

What Rauh remembers most

about that case is that he composed Hellman's letter to the committee. That is, he composed all but one sentence: "I cannot and will not cut my conscience to fit this year's fashions." Hellman wrote that. It is what made the letter famous, and it is all most people remember about it now.

Of all the civil rights leaders he dealt with, Rauh (his name rhymes with "wow") has perhaps the fondest memories of A. Philip Randolph, the long-time head of the Brotherhood of Sleeping Car Porters. "Mr. Randolph — I never called him anything but Mr. Randolph — was the most dignified man who ever lived."

He recalled the day in the 1950s when he and Randolph won an important civil rights victory. "Afterward, we were on the corner of 14th and K, and I said, 'Mr. Randolph, we ought to have a drink to celebrate.'"

"He said, 'Yes, Mr. Rauh — I never could get my name straight — but where should we go?'"

"I had to think. Finally, I said, 'There are two places we can go, to the railroad station, or you can come to my house.'"

"He just shrugged and said, 'Mr. Rauh, you and I have just had a symbolic drink.'"

Rauh says he tells that story not so much to make the point that there was almost nowhere in Washington then where a black man and a white man could sit down together, but to illustrate Randolph's dignity.

It concerns him, Rauh said, that young people today seem antipathetic to the causes that have driven him all his life. But, ever the optimist, he says he believes it is only a matter of time before the social and political winds shift again.

Last fall he delivered a lecture at Clinch Valley College of the University of Virginia on civil rights. He told the students: "To the extent that there is a valley in the efforts toward equality today, it results from a national fatigue based on the unprecedented efforts of recent decades. But one can hope — no, expect — that this too will pass, that batteries will be recharged and that increased racial tolerance will spark new gains of which future generations will be as proud as we are of ours."

## ANTARCTICA POSTCARD

## The 'Settlers' From Chile

By Richard Boudreaux  
The Associated Press

VILLA LAS ESTRELLAS, Antarctica — Ana Maria Martino de Camacho gave up a comfortable life in Santiago, took a snow survival course in the Andes and moved her family to Antarctica to reinforce her country's claims to the continent.

It was rough going at first for the Camachos and five other air force families after they arrived at their new base on King George Island last March. But now, after a surprisingly mild first winter (the coldest temperature was -17 centigrade (1 Fahrenheit)) the city-bred volunteers say they feel less unsettled by the cold than by the isolation and awkwardness of communal frontier life in this cluster of pre-fab houses called Village of the Stars.

To a recent visitor, Mrs. Camacho, 34, an ebullient, dark-haired woman, told how the beauty and silence of Antarctica had provided the peace she needed to carry her third child, a son born Nov. 21, Chile's first native Antarctic.

She also spoke of a new closeness with her husband and two older sons. Then she totaled up the price of escape from Santiago's smoggy, agitated capital: She misses fresh meat. Her children long for old playmates.

The extended family so important to Chileans is broken up, grandparents left behind. Mail and fresh produce are supposed to arrive monthly, but sometimes the vegetables freeze between the air strip and the oil-heated storehouse. Once all the eggs came broken.

The discontent, at times, is too much for the little colony to contain. Raised voices are heard by everyone and the bickering can defy military discipline. Mrs. Camacho says, so some families simply avoid speaking to each other.

When the original six families end their two-year assignments, air force officials say, 20 more will be taking a turn here, and they will have a new supermarket, a gym and two professional teachers for the one-room schoolhouse.

Under a 1961 treaty, claims to Antarctica by seven nations were suspended at least 30 years. Today 16 countries have year-round scientific stations in Antarctica, but only Chile and Argentina, whose wedge-

shaped claims overlap, are using families with children to enhance those claims if the treaty ever expires.

So far, however, Chile's settlement — like a similar one maintained by up to eight Argentine families on the nearby Antarctic Peninsula since 1977 — has failed to break an important psychological barrier around the southern continent.

After 90 years of continual exploration, Antarctica remains a remote white expanse where people go not to stay but only to visit, bunched in tiny clusters for a year, or two at most, surviving on the knowledge they will return to a hospitable part of the world.

In interviews, the settlers talk about "the real world" back in Chile, where a third of the population lives in the capital. Some worry their children will fall behind in the highly competitive school system or be frightened by the city if they stay away too long.

"I cannot see large numbers of people ever wanting to live here permanently," said Dr. German Camacho, an air force surgeon who volunteered for antarctic duty out of a sense of patriotism. "It still sounds like science fiction to me."

Meanwhile, the eight children, aged 2 months to 8 years, warm the Antarctic with their energy. Wearing bright-colored clothing so they mothers don't lose sight of them through the tiny windows, the older ones romp tirelessly in the snow. In this austral summer of near-continuous sunlight, it is hard to get them to sleep.

"Do you want to see something?" asks German Camacho, 6, as he leads a visitor to the "mine" where he and his brother, Javier, 5, go prospecting after school. A candle lights the entrance to the 10-foot (3-meter) shaft dug horizontally into a snowbank.

The fantasy ends when Mrs. Camacho summons them home, sweeping the snow off their clothes with a broom before they enter. Immediately, they switch on the television, and the blaring video tape of a children's program draws out adult conversation.

"We have to take advantage of this adventure because our family will never be this close again," says Mrs. Camacho after ordering the TV turned down. "After this, we're going back to the rat race."

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